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SESSION 1934
HOUSE OF COMMONS

Special Committee

On

Price Spreads and Mass Buying

PROCEEDINGS AND EVIDENCE

Vol. III



OTTAWA
J. O. PATENAUDE
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1934

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

THURSDAY, June 7, 1934.

The Special Committee appointed to inquire into price spreads and mass buying met at 11 a.m., the Hon. H. H. Stevens, presiding.

The CHAIRMAN: Order. The minutes of yesterday's meeting record in the usual way the witnesses heard and certain exhibits filed. We will declare the minutes approved as presented.

G. A. ADAMSON (examination resumed).

By Mr. Sommerville:

Q. Mr. Adamson, last evening when we adjourned you had finished dealing with consignment goods?—A. Yes.

Q. Will you just continue, please?—A. Dealing with,

Order Offices and Agents:

On Statement No. 5 is listed the locations of the various order offices of the Robert Simpson Company Limited and its subsidiaries and also the points from which agents work. Statement No. TT-14 shows the total volume of business obtained from these sources.

Toronto

The company has three suburban offices, at Brampton, New Toronto and Oshawa (the latter of which carries a stock of ladies dresses and shoes), and also has eight other order offices in Ontario. Expenses of these offices are paid by the company and stocks of heavy goods are maintained at these offices. Orders are taken at these offices either for goods listed in the Mail Order Catalogues or for merchandise handled by the Toronto store. The largest proportion of the latter sales represent merchandise advertised in the daily newspapers. Sales are credited to the Mail Order Division if the merchandise sold is from the mail order catalogues and to the Toronto store if other merchandise is sold. The company also has 23 agents working through these order offices and 25 other agents working independently of the order offices. These agents are paid a commission on sales which they make and while they do not carry stocks they have samples of heavy goods.

In 1933 the volume obtained by the three suburban offices was \$286,041, by the other order offices \$297,963 and through agents, either working through the order offices or independently, \$322,682, a total of \$906,686 of which approximately 50 per cent represented mail order sales.

Q. In connection with the order offices, when giving us the list earlier of the order offices, you did not give us the list of order offices in Nova Scotia?—A. That is right.

Q. How many of them are there and where located?—A. There are 11 agents in the Maritime Provinces located at the following points: Charlottetown, Kentville, Liverpool, Moncton, New Glasgow, Saint John, Sidney, Truro, and Yarmouth.

Q. We already had the volume of business in Nova Scotia in an earlier statement, I think?—A. This is the statement dealing with the volume, TT-14.

Q. We have not come to that yet?—A. No. Dealing with the Regina mail order branch—

Q. Before you come to that, you have three suburban offices at Toronto?—A. Yes.

Q. And that total volume was?—A. \$286,041.

Q. That is the three suburban offices?—A. Yes.

Q. Have you any idea of the expenses of operating these small suburban offices?—A. I have not got them here.

Q. It has been suggested that the offices that are maintained paid very little in the way of contribution to the local community as against contributions made to the local merchants for taxes, rent, and the upkeep of the various community interests, and I wonder if you could give us some idea of just what are the amounts paid by such order offices?—A. I have not the detail here.

Q. In suburban areas that produce such a volume as \$286,000, that is approximately \$92,000 per office?—A. We have not the details of the expense.

Q. We can get that later?—A. Yes.

By Mr. Factor:

Q. Mr. Adamson, you say in your statement that stocks of heavy goods are maintained at these offices?

Mr. SOMMERVILLE: Not at the suburban offices.

Mr. FACTOR: He says, "expenses of these offices are paid by the company and stocks of heavy goods are maintained at these offices." Does not that relate to suburban offices?

Mr. SOMMERVILLE: There are other offices away from Toronto other than suburban where goods are kept.

By the Chairman:

Q. Before we get away from this particular point, this covers the system of agencies that Simpsons have in other parts of the country. For instance, in the earlier part of your report I think you referred to a list of these agencies, among them being, for instance, Saskatoon?—A. Yes.

Q. That would be one of them?—A. Yes. That which I have just read is Toronto, and the next section deals with Regina.

Q. Well, as we are just coming to that I will deal with it now. Intimations have been conveyed to the committee that this retailing policy of Simpsons in the West which you are about to refer to is destructive of the general retail business of the western communities. They refer to the mail order system which, of course, is not peculiar to Simpsons at all, and then they also refer to what we are now discussing; they are now branching out and appointing agents all over the provinces, and it is intimated that the intention is to have 15 agencies in the province of Saskatchewan, and it intimates here that Prince Rupert, Battleford, and so on are the places which I think were read out yesterday by you.

Mr. HEAPS: Is there any objection to stating, Mr. Chairman, the source of that information?

The CHAIRMAN: It is some information that came to the committee from western Canada.

Mr. HEAPS: As a rule I do not like anonymous correspondence.

The CHAIRMAN: I am not reading this particularly in that sense; I am just intimating what the class of complaint is. I am not reading the letter as a complaint from anybody, I am merely intimating that it is a type of complaint that we have. There are a great many letters of this character, but I am merely citing the type of complaint, that this class of business is interfering with

the ordinary retailer. The question I was going to ask you, Mr. Adamson, is this: Does that class of operating show a profit to the Simpson Company?—A. Yes.

Q. It does show a profit to them?—A. Yes.

Q. Did I understand you to say yesterday that they impose a certain charge and then the local dealer must absorb whatever losses are incurred in the operation?—A. No, the Simpson Company absorbs any credit losses.

By Mr. Sommerville:

Q. Any credit losses?—A. Yes.

Q. If the local agent sells on credit then the credit losses are absorbed?—A. Yes, although the collections may be made by the agent; in the event of any loss the company absorbs that, but the agents are paid a commission on what they sell.

By Mr. Heaps:

Q. Is that 15 per cent?—A. It averages about 15 per cent.

By Mr. Factor:

Q. Do they carry stocks?—A. They carry stocks on consignment; they do not pay for these stocks.

By Mr. Sommerville:

Q. But the agent himself must pay for the cost of selling?—A. Yes.

Q. Out of the 15 per cent?—A. Yes.

Q. Rent, and insurance?—A. In some cases the company pays some portion of the expenses, a small proportion of the expenses, the direct expenses of selling.

By the Chairman:

Q. Is it correct to say then that the plan is that Simpsons supply the stock to the local agent?—A. That is right.

Q. And then the local agents sell those at prices agreed upon between the agent and Simpsons?—A. Yes.

Q. At a mark-up of 15 per cent, or 20 per cent, or 30 per cent, as the case may be?—A. The agents get a commission of approximately 15 per cent.

Q. The agent gets a commission of approximately 15 per cent for selling?—A. Yes.

Q. Then the agent does not invest his own money in the purchase of the goods?—A. No.

Q. He has really no investment at all?—A. No.

Q. Except the rental of the premises?—A. That is right.

By Mr. Sommerville:

Q. Have you checked to find out what additional mark-up is made by Simpsons of goods that are sold in this manner through agents?—A. I have not the detail of that.

Q. Over and above the ordinary mark-up?—A. No, I have not that.

MR. FACTOR: I see you are dealing with Saskatchewan in the next paragraph.

By Mr. Sommerville:

Q. Did I find that you had an example in any of these cases of the volume of business obtained through an order office?—A. Yes I have.

Q. In a community, of the actual amount of rent or taxes paid in that community?—A. I have the volume obtained from each agent or office but I have not the expenses of the agent.

Q. You have not got it in the case of Simpsons?—A. No I have not.

Q. I understand it is available in the case of some of the others?—A. I have not got it in this case.

Q. Well, with this volume of \$90,000 for the three suburban offices referred to, the amount actually spent in that office would be a comparatively small sum, would it not?—A. Well, there is the rent and the selling staff.

Q. There would be the rent?—A. Telephone and office expense.

Q. The telephone and the young lady in charge of the office?—A. Yes.

By Mr. Factor:

Q. Do they pay a business tax for these business offices to the municipality?

—A. I cannot tell you what the taxes are, I do not know.

By the Chairman:

Q. Have you the names there of agents, for instance, in Saskatoon?—A. Yes.

Q. Have you any record of the transactions, for instance, in Saskatoon regarding the rental of premises?—A. Not I have not. I just have the volume of sales by agents.

By Mr. Sommerville:

Q. In any event, the business tax would be based upon the size of the premises you keep?—A. Yes.

Q. And not upon the volume of business that you did in that community?—A. That is right.

Q. So that it would be relatively a very small amount?—A. There would be no record of the expenses of these agents in the company's office because the agents themselves pay the expenses.

By the Chairman:

Q. And the company does not hold itself responsible for the rental of the premises, for instance?—A. No.

Q. The agent is responsible for that?—A. Yes.

Q. But a landlord who saw Simpsons goods displayed in the window would be under the impression that he had Simpsons as a tenant, whereas, as a matter of fact, he only had this agent as tenant?—A. I have not seen any of the premises so I do not know.

By Mr. Sommerville:

Q. Yes, now dealing with Regina?—A. Yes.

Regina

The company has 11 agents in Saskatchewan who carry stocks of heavy goods and who are paid on a commission basis—in some cases a portion of the expenses of these agents, such as telephone, are paid by the company.

Q. That is, the proportion would be very small?—A. Yes, it is the long distance calls.

Q. Oh, it is the long distance calls by telephone that are paid by the company?—A. Yes. Sales in 1933 (practically all of which are of heavy goods and are in connection with the retail section of the business) through these agents, amounted to \$157,121 which is approximately 16 per cent of the total retail volume of the Regina mail order division.

Q. Now, may I ask, is this not a policy that has been a development of very recent years?—A. Yes, it has been developed recently.

Q. Have you any record when it began?—A. No I have not.

Q. Has it been in operation more than two years?—A. I know it has been increasing for the past two years. I do not know whether there were any two years ago or not.

By Mr. Factor:

Q. Do these agents sell exclusively Simpson's goods or are they authorized to sell any other goods?—A. No.

Q. They also deal in other goods?—A. Yes.

Q. So, in other words, they are really a merchant in the locality there?—A. Yes.

Mr. EDWARDS: More like a peddler, they go round among the people.

The CHAIRMAN: No no, consignment stock.

By Mr. Young:

Q. He is a merchant located in the locality and he has an agency from Simpsons to sell Simpson's goods?—A. They are merchants, and I think in addition to their own they sell Simpson's goods.

By Mr. Sommerville:

Q. But they would not be handling goods that would be rivals to Simpsons; they would be handling goods outside of Simpson's range ordinarily?—A. Yes.

Mr. KENNEDY (*Winnipeg*): What is the matter with them doing that if they want to?

By Mr. Sommerville:

Q. All right, Mr. Adamson?—A. Dealing with Halifax.

Nine merchant agents situated throughout the Maritime provinces accounted for sales of \$115,938 in 1933 out of a total volume of the retail section of the Halifax mail order branch of \$864,771. These agents also carry stocks of heavy goods.

Charge Accounts:

There are two classes of charge accounts, the ordinary charge accounts, purchases of which are payable on the 10th of the following month, and the Home Lovers' Club accounts. Purchases on the Home Lovers' Club plan are restricted to certain items, such as furniture, floor coverings, mens clothing, some womens clothing, etc., and 10 per cent is payable as a down payment with 10 per cent each month thereafter until paid, with no interest charges. Selling prices on the Home Lovers' Club plan are the same as for cash. A special Home Makers' plan provides for a 10 per cent down payment with the balance over 18 months, 24 months, or 36 months, with interest at 6 per cent per annum on the balance after the down payment.

Interest is charged on overdue balances in the Home Lovers' Club when a payment is three months overdue and the same rate of interest is charged on charge account balances which are three months overdue.

The following table shows the percentage of charge sales (including Home Lovers' Club) to the total sales of the Toronto store, for the past ten years:—

	Percentage
1924.. . . .	27.5
1925.. . . .	31.5
1926.. . . .	34.2
1927.. . . .	36.6
1928.. . . .	40.3
1929.. . . .	45.8
1930.. . . .	46.5
1931.. . . .	44.3
1932.. . . .	42.4
1933.. . . .	41.5

Q. 41.5 per cent of the total sales then of the Toronto store are on the basis of either charge accounts or deferred payments, or Home Lovers' Club?—A. Yes.

By Mr. Factor:

Q. What percentage of that would be the Home Lovers' Club?—A. I have not got the exact figures.

Q. In the prosperous days of 1928, 1929, 1930, the percentage is greater than in 1932 and 1933?—A. Yes.

By Mr. Sommerville:

Q. What is the record of loss for the ten year period? The average is remarkably low?—A. It is less than 1 per cent.

Q. I understand it is approximately $\frac{2}{3}$ of 1 per cent?—A. That is right.

Mr. YOUNG: They are good payers in Toronto.

Mr. SOMMERVILLE: Well, the good payers come from Weyburn too.

By Mr. Sommerville:

Q. Will you proceed, Mr. Adamson.—A. Simpson Day Sales—

By the Chairman:

Q. Without giving the full particulars in that next paragraph, there is an increase.—A. Periodically the company holds a "Simpson" day sale for the purpose of which special advertising is done in the evening papers. The advertising, of course, is increased over the ordinary advertising for these days.

Q. And the sales are largely increased?—A. Yes.

By Mr. Sommerville:

Q. Then for the special Simpson day sales that was referred to by some witnesses here evidence was given to the effect that manufacturers were asked to contribute to the advertising of the features for these special day sales. Have you any particular evidence of that, or did that go into the general advertising allowances?—A. Advertising allowances, yes.

Q. It did not go specially into these Simpson day sales?—A. I do not know what the advertising allowances were in that respect. I know that they got advertising allowances.

Q. Then your next item deals with "Budget." Perhaps you can epitomize that by saying that the budget is made up at the beginning of the year?—A. Beginning of the season; there are two seasons.

Q. And the record shows that there is a very close budgeting?—A. Yes.

Q. In other words, the sales and costs approximate very very closely the budget that is made at the beginning of the season?—A. That is right.

Q. And the effect of the budget on the department is indicated, and you give us one statement that is very illuminating for the store as a whole?—A. Yes. For the store as a whole the mark-ups budgeted and those actually achieved during the spring seasons of the past five years expressed as a percentage of cost show:—

Spring	Percentage	
	Budgeted mark-up	Actual mark-up
1929.. .. .	56.1	55.8
1930.. .. .	55.9	54.4
1931.. .. .	54.0	52.3
1932.. .. .	52.3	53.4
1933.. .. .	53.5	53.1

By the Chairman:

Q. Would it be correct to say that that indicated that the amount of goods that had to be cleared up by special sales were comparatively small?

Mr. SOMMERVILLE: Cleared off at lower than the mark-up.

By the Chairman:

Q. I mean, the mark-downs were comparatively small.—A. This is the mark-up, not the maintained gross profit.

Q. Oh, I see.—A. These are the mark-ups.

By Mr. Young:

Q. Could you give us both?—A. No. One is the budgeted mark-up and the other is the actual mark-up before providing the stock write-downs. Dealing with purchasing advantages, I think a lot of this is general.

By Mr. Sommerville:

Q. You have a general statement on purchasing advantages, a lower quoted price, special discounts, bonus merchandise, and special rebates and allowances. It might be better to cover that?—A. Purchasing advantages.

In addition to any advantage which the Robert Simpson Company Limited may have over the smaller merchant because of advertising allowances obtained and "demonstrators" supplied, the company may purchase some of its merchandise at a lower cost. This reduced cost may be due to any of the following circumstances:—

1. A lower quoted price.
2. Special discounts.
3. Bonus merchandise.
4. Special rebates and allowances.

An examination of the books, invoices, etc., of this company will not disclose whether the price quoted to the company by the manufacturer is lower than that quoted to other buyers for the same article. This information must be obtained from the manufacturer's records and has been the subject of a few separate investigations which will be referred to later. Instances of the other three kinds of "concessions" however are to be found at Simpsons. In every case the competitive advantage derived by Simpsons may be offset, in whole or in part, by similar or different concessions made to other buyers.

Special Discounts:

A large proportion of the invoices examined show discount deductions (in addition to cash discounts). In many cases these are, no doubt, regular trade discounts—the listed price less the discount being the normal selling price.

There are instances, however, of discounts applying to bankrupt stocks or clearances of discontinued or overstocked lines arranged with manufacturers. An example of the latter is to be found in the purchase of various pieces of furniture totalling about \$24,000 less a discount of 40 per cent. The price spread realized on two of the pieces is shown on the statement of price spreads in the furniture department (Statement No. D1) being items Nos. 1 and 3.

Q. I might just as well at this point refer to the spread on those two articles, one of 101 per cent and one of 73·4 per cent?—A. That is right.

Q. In other words, if they were bought for 40 per cent less the mark-up percentage is very much higher than the average of the department.

By Mr. Edwards:

Q. Is that 40 per cent less than the regular price?—A. So far as we know. It shows as a 40 per cent discount on the invoice.

Q. On the regular price?—A. Yes. It was a discontinued line.

Mr. SOMMERVILLE: On lines that were discontinued, sewing cabinets.

The WITNESS: The initial mark-up on merchandise purchased from this firm during 1933 (and this order represents the large part of the purchases)

was about 80 per cent on cost, as against an average of 50.3 per cent for the department as a whole. Thus in this one case a special discount obtained was not fully reflected in a proportionately lower initial selling price.

Another example of discounts shown on the invoices is the discounts given in connection with the purchase of rubber footwear, referred to under the section dealing with that department.

Bonus Merchandise:

In the case of drugs and toilet goods more goods may be delivered than are billed. An example of this is in connection with the purchase of Quinine Tablets. Under date of 3rd October, 1933, 5 gross of Quinine Tablets were purchased from a company at \$21 per gross and 10 dozen additional were supplied without charge. This information is contained on the face of the invoice.

By Mr. Sommerville:

Q. Five gross bought and 10 dozen free?—A. Yes. On the invoices examined those eleven firms showed bonus merchandise. A complete list, of course, could only be obtained by an examination of every invoice. In the statement of price spreads (Statement No. D-28) the unit cost has been reduced by the amount of such bonus merchandise.

Special Rebates and Allowances:

Officials state that the company receives special rebates or allowances from various buyers by way of quantity discounts and that these discounts are the subject of arrangement between the supplier and the departmental manager who does the buying. No special record is maintained of these discounts, the amounts being credited as received as against purchases account.

Q. You are not in a position to give us these special rebates and allowances?—A. No.

Q. Unless you went through all these invoices and made them out individually?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. Can you estimate to what extent that bonusing of goods was prevalent?

By Mr. Sommerville:

Q. You could not do that without going through the invoices?—A. No.

Q. You picked out 11 firms and took some invoices from each?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. You found it prevailing in the case of each firm?—A. Yes. I think that is a sort of general practice for free merchandise in connection with drugs and toilet goods.

Mr. HEAPS: Is the same treatment given to all large buyers?

Mr. SOMMERVILLE: You will notice we had the same thing with Woodward's and Spencer.

Mr. FACTOR: I wonder if the retailer gets the same concession too.

The WITNESS: In every case a debit memorandum is made out, in the same way as for merchandise returns, price adjustments, etc. The information contained in these debit memoranda is sometimes very vague and it is, therefore, difficult to ascertain the exact nature of the allowance. A large number of these debit memoranda for recent months were examined and where those over \$50 appeared to be for special allowances they were discussed with officials of the company. They confirmed that a number of these, ranging up to \$340

and representing in some cases 3 per cent, or 5 per cent or 10 per cent of purchases were quantity discounts. The range of goods on which such discounts apply is wide and they are not confined to a few departments.

Loss Leaders:

Officials state that the advertising of loss leaders is confined largely to the Drugs and Groceries Departments. These will be discussed later in connection with the operations of these departments.

By Mr. Sommerville:

Q. It is the general practice throughout the business?—A. Yes.

By the Chairman:

Q. That is, what you have just read is the explanation of how the company treats these quantity discounts in their books. How do they account, for instance, for this free merchandise that is given to them? How is it treated in their books; do they charge it to merchandise account?—A. No, just the actual amount which they buy.

By Mr. Sommerville:

Q. They enter in their books just the actual amount they buy, and do they enter just the actual amount of the invoice of the five gross of Quinine Tablets, for instance, or do they enter five gross and ten dozen?—A. No, just the actual amount.

Mr. NASH: These companies do not keep inventory by quantity but by dollar value, so that you cannot find the quantity.

The CHAIRMAN: Yes, but at the end of the year or the inventory period it must be reflected there?

Mr. NASH: It would be reflected.

Mr. SOMMERVILLE: They would have dollar value of so much.

The CHAIRMAN: Well, it would automatically reflect itself in an increased profit to the company when they took their inventory whether it was taken notice of during the period or entered in any of their merchandise accounts?—A. Oh yes, it is profit.

Mr. SOMMERVILLE: Take for instance, the five gross of Quinine tablets being given the mark-up that was budgeted for the season, and then the ten dozen being put in for sale at the same mark-up.

Mr. NASH: They would be sold at the same price.

Mr. EDWARDS: Would that not be shown as a lowering of the unit price?

The WITNESS: It reduces the unit cost.

By Mr. Sommerville:

Q. You have shown it that way?—A. Yes.

Q. But on the books of the company I understood from you they do not take free goods into the books but reduce the unit cost; they treated the other goods as just additional.—A. I was referring to the amount they charged to the merchandise account and the credit to the vendor of the goods is the actual amount of the invoice.

By the Chairman:

Q. In dollars?—A. Yes.

By Mr. Factor:

Q. Does the supply of free merchandise enable them to sell their drugs, for instance, at a lower price? Do they take advantage of that and thereby sell lower? There are examples of items being sold at low prices in the drug and toilet goods departments.

By Mr. Kennedy (Winnipeg):

Q. Do you mean below cost?—A. Yes.

By Mr. Edwards:

Q. That would be below cost to the ordinary retailer, but where those bonused goods come in it reduced the limit cost to the big store?—A. Yes.

Q. Which gives them some advantage over the small store?—A. I do not know. I think the free goods is a general practice in the drug and toilet goods.

Q. The small store gets it as well?—A. To what extent I do not know.

Mr. NASH: I think the amount depends upon the amount they purchase.

The CHAIRMAN: We come to that in the later examination?

The WITNESS: Yes. Dealing with loss leaders I have a memoranda in connection with individual departments.

Memorandum in connection with Furniture Department—No. 401.

Memorandum in connection with Men's Clothing Departments—

No. 260—Men's Overcoats.

No. 262—Men's Suits.

No. 265—Men's Custom Tailoring.

Memorandum in connection with Ladies' Dress and Coat Departments—

No. 301—Ladies' Coats.

No. 305—Medium-priced Dresses.

No. 306-8—Moderately-priced Dresses, House Dresses, Jr. Misses' Dresses.

No. 316—Lower-priced Dresses, Self-Serve Dresses and Coats.

No. 317—Ladies' Lower-priced Store Outer Garments.

Memorandum in connection with Boys' Clothing Department—No. 266.

Memorandum in connection with Shoe Departments—

No. 276—Women's Shoes.

No. 283—Childrens' Shoes.

No. 285—Men's Shoes.

No. 287—Lower-priced Shoes.

Memorandum in connection with Men's Shirt Department—No. 251.

Memorandum in connection with Paints and Wallpapers Department—No. 391.

Memorandum in connection with Knit Underwear Department—No. 332.

Memorandum in connection with Drugs and Toilet Goods Department—

No. 203—Drugs.

No. 204—Toilet Goods.

Memorandum in connection with Groceries and Provisions Departments—

No. 501—Groceries.

No. 505—Candies.

No. 509—Fruits and vegetables.

No. 512—Meats and Fish.

By Mr. Sommerville:

Q. Did you find that loss leaders were also a feature of the paints department—A. Yes, there is one example which we examined, not actually sold below cost but slightly more than cost.

By the Chairman:

Q. All right, proceed.—A. Dealing next with the operations of the individual departments which were enquired into—

By Mr. Sommerville:

Q. Certain departments were enquired into?—A. Yes.

Q. And you are now dealing with these departments—A. Yes.

The CHAIRMAN: I want the committee, if they will, to get this point because it will help us, I think, as we go along.

Mr. SOMMERVILLE: We will have Mr. Adamson read his narrative and the memorandum in connection with, say, the furniture department, and then we will return to the examples of the price spreads that are set out in the detail sheets. There are printed sheets that are available now.

The CHAIRMAN: They will be inserted here.

THE ROBERT SIMPSON COMPANY LIMITED
(Toronto Store)

DEPARTMENT 401—FURNITURE

Examples of Price Spreads on Representative Larger Purchase Orders of Furniture in the Period from 1st January 1933 to 31st March 1934

Article			Invoices					Initial Unit Selling Price		Initial Mark-up		
			Unit Cost									
			Manu- facturer's Number	Simpson's Order		Date	Invoice Price					Sales Tax	Freight	Total Laid Down Cost
Quantity	Value											
				\$	cts.		\$	cts.	\$	cts.	Amount	Per- centage to Cost
Sewing Cabinets.....	25	38	293 60		10th Sept. 1933.	7 20	Incl.	0 13	7 33	14 75	7 42	101.23
Walnut Tea Wagon.....	422	150	2,550 00		2nd Dec. 1933.	17 00	0 86	0 40	18 26	31 75	13 49	73.88
Sewing Cabinets.....	28	35	141 75		10th Sept. 1933.	4 05	Incl.	0 13	4 18	7 25	3 07	73.44
5 pc. Bedroom Suite.....	1	6	564 00		29th June 1933.	94 00	5 64	0 23	99 87	173 00	73 13	73.23
3 pc. Bedroom Suites D.C.B.....	914	40	1,870 00		12th Sept. 1933.	46 75	2 80	1 55	51 10	88 50	37 40	73.18
9 pc. Dining Room Suite.....	902	50	3,239 50		14th Aug. 1933.	64 79	3 30	0 44	68 53	117 75	49 22	71.82
4 pc. Bedroom Suites.....	1	30	2,377 50		26th June 1933.	79 25	4 75	2 53	86 53	148 00	61 47	71.04
6 pc. Breakfast Set.....	322	100	1,500 00		8th July 1933.	15 00	0 90	1 70	17 60	29 75	12 15	69.03
4 pc. Bedroom Suites.....	2,140	50	4,375 00		2nd Jan. 1934.	87 50	5 31	2 08	94 89	158 00	63 11	66.51
5 pc. Breakfast Set.....	10	250	2,250 00		14th Aug. 1933.	9 00	0 46	0 74	10 20	16 95	6 75	66.18
4 pc. Bedroom Suite.....	320	45	1,800 00		5th June 1933.	40 00	2 40	1 36	43 76	71 85	28 09	64.19
3 pc. Bedroom Suite D.C.B.....	320	45	1,260 00		7th June 1933.	28 00	1 68	1 03	30 71	50 35	19 64	63.95
5 pc. Bedroom Suite Twin Beds.....	320	10	480 00		12th June 1933.	48 00	2 88	1 70	52 58	86 20	33 62	63.94
4 pc. Bedroom Suite.....	914	40	2,540 00		19th Aug. 1933.	64 00	3 84	2 20	70 04	114 75	44 71	63.83
Bookcases.....	4	100	1,000 00		5th Oct. 1933.	10 00	0 60	0 36	10 96	17 95	6 99	63.78
9 pc. Dining Room Suite.....	307	25	3,075 00		10th Oct. 1933.	123 00	6 27		129 27	210 75	81 48	63.03
3 pc. Bedroom Suite.....	18	38	2,109 00		21st Jan. 1933.	55 50	2 83	1 59	59 92	97 65	37 73	62.97
4 pc. Bedroom Suite.....	388	15	1,050 00		24th June 1933.	70 00	4 20	1 18	75 38	122 50	47 12	62.51
9 pc. Dining Room Suite.....	422	50	4,400 00		24th July 1933.	88 00	5 28	1 68	94 96	154 00	59 04	62.17
					24th July 1933.							
					31st July 1933.							
4 pc. Bedroom Suite D.C.B.....	314	40	2,760 00		8th Aug. 1933.	69 00	4 14	1 92	75 06	121 65	46 59	62.07
Desks.....	1	100	1,700 00		6th June 1933.	17 00	Incl.		17 00	27 50	10 50	61.76
5 pc. Bedroom Suite Twin Beds.....	314	6	504 00		19th Aug. 1933.	84 00	5 04	2 40	91 44	147 80	56 36	61.64
9 pc. Dining Room Suite.....	901	50	2,850 00		15th July 1933.	57 00	2 91	0 38	60 29	97 45	37 16	61.64
4 pc. Bedroom Suite.....	18	52	3,874 00		21st Jan. 1933.	74 50	3 80	2 12	80 42	129 95	49 53	61.59
5 pc. Bedroom Suite Twin Beds.....	914	10	790 00		12th Sept. 1933.	79 00	4 74	2 59	86 33	139 50	53 17	61.59
3 pc. Bedroom Suite D.C.B.....	314	29	1,479 00		19th Aug. 1933.	51 00	3 06	1 44	55 50	89 65	34 15	61.53

9 pc. Dining Room Suite.....	426	36	3,420 00	29th June 1933.	95 00	5 70	2 52	103 22	166 50	63 28	61.31
Bookcases.....	5	100	700 00	5th Oct. 1933.	7 00	0 42	0 36	7 78	12 45	4 67	60.02
5 pc. Bedroom Suite.....	18	10	920 00	21st Jan. 1933.	92 00	4 69	2 65	99 34	158 95	59 61	60.00
4 pc. Bedroom Suite.....	398	40	3,280 00	16th June 1934.	82 00	4 92	0 50	87 42	139 75	52 33	59.86
4 pc. Bedroom Suite.....	5,168	22	1,072 50	15th Sept. 1933.	48 75	2 48	2 59	53 82	85 75	31 93	59.33
9 pc. Dining Room Suite.....	266	20	2,500 00	31st Jan. 1934.	125 00	2 48	3 90	136 40	216 95	80 55	59.05
9 pc. Dining Room Suite.....	320	25	3,375 00	13th Oct. 1933.	135 00	6 59	3 45	145 04	229 75	84 71	58.40
9 pc. Dining Room Suite.....	1,920	36	3,240 00	17th Oct. 1933.	90 00	5 40	2 61	98 01	155 00	56 99	58.15
9 pc. Dining Room Suite.....	17	50	4,125 00	13th Oct. 1934.	82 50	4 21	2 96	89 67	141 50	51 83	57.80
9 pc. Dining Room Suite.....	1,940	29	1,943 00	17th Oct. 1933.	67 00	4 02	2 61	73 63	115 75	42 12	57.20
9 pc. Dining Room Suite.....	431	50	4,725 00	6th Jan. 1934.	94 50	5 67	1 60	101 77	159 95	58 18	57.17
9 pc. Dining Room Suite.....	256	20	1,900 00	24th June 1934.	95 00	5 70	1 18	101 88	159 95	58 07	57.00
9 pc. Dining Room Suite.....	5,500	12	1,620 00	12th June 1933.	135 00	8 10	3 24	146 34	229 75	83 41	57.00
9 pc. Dining Room Suite.....	1,910	40	2,960 00	17th Oct. 1933.	74 00	4 44	2 61	81 05	127 00	45 95	56.69
9 pc. Dining Room Suite.....	71	20	1,400 00	6th Oct. 1933.	70 00	4 20	5 15	79 35	123 95	44 60	56.21
3 pc. Bedroom Suite D.C.B.....	155	35	1,330 00	1st Dec. 1933.	38 00	2 28	1 83	42 11	65 75	23 64	56.14
9 pc. Dining Room Suite.....	1,475	100	6,050 00	28th June 1933.	60 50	Incl.	0 30	60 80	94 75	33 95	55.84
6 pc. Breakfast Set.....	351	192	4,080 00	12th Dec. 1933.	21 25	1 27	1 20	23 72	36 95	13 23	55.78
5 pc. Bedroom Suite Twin Beds.....	155	25	1,600 00	23rd Dec. 1933.	64 00	3 84	3 95	71 79	111 75	39 96	55.66
4 pc. Bedroom Suite.....	310	75	3,600 00	31st Dec. 1932.	48 00	2 88	1 80	52 68	81 95	29 27	55.56
9 pc. Dining Room Suite.....	{1,472}	57	3,135 00	19th Jan. 1934.	55 00	3 30	2 90	61 20	94 95	33 75	55.15
4 pc. Bedroom Suite.....	{1,469}	25	1,587 50	15th July 1933.	63 50	3 81	3 52	70 83	109 75	38 92	54.95
4 pc. Bedroom Suite.....	2	125	3,562 50	2nd Sept. 1933.	28 50	1 45	3 01	32 96	50 95	17 99	54.58
4 pc. Bedroom Suite.....	146	24	1,680 00	23rd Dec. 1932.	70 00	4 20	3 76	77 96	119 65	41 09	53.48
4 pc. Bedroom Suite.....	5,228	34	1,445 00	19th July 1933.	42 50	2 17	2 63	47 30	72 50	25 20	53.28
6 pc. Breakfast Set.....	327	130	2,457 00	27th Nov. 1933.	18 90	1 13	2 00	22 03	33 75	11 72	53.20
3 pc. Bedroom Suite.....	2	125	2,531 25	2nd Sept. 1933.	20 25	1 03	2 26	23 54	35 95	12 41	52.72
4 pc. Bedroom Suite.....	5,218	33	1,947 00	16th Jan. 1934.	59 00	3 54	2 60	65 14	99 00	33 86	51.98
9 pc. Dining Room Suite.....	301	10	1,450 00	3rd Oct. 1933.	145 00	7 39	9 60	161 99	246 00	84 01	51.86
4 pc. Bedroom Suite.....	155	40	2,160 00	28th Nov. 1933.	54 00	3 24	3 34	60 58	91 75	31 17	51.45
9 pc. Dining Room Suite.....	89	100	4,000 00	27th Dec. 1933.	40 00	2 40	3 31	45 71	69 00	23 29	50.95
6 pc. Breakfast Set.....	352	180	1,935 00	13th Dec. 1933.	10 75	0 61	0 75	12 11	18 25	6 11	50.33
4 pc. Bedroom Suite.....	5,205	19	1,140 00	10th July 1933.	60 00	3 06	3 52	66 58	99 75	33 17	49.82
9 pc. Dining Room Suite.....	86	18	1,350 00	17th Jan 1934.	75 00	4 50	6 37	85 87	128 50	42 63	49.64
9 pc. Dining Room Suite.....	89	100	3,625 00	17th Jan 1934.	36 25	1 85	0 70	38 80	57 95	19 15	49.36
6 pc. Breakfast Set.....	320	75	1,012 50	8th July 1933.	13 50	0 81	1 70	16 01	23 35	7 34	45.85
9 pc. Dining Room Suite.....	1,473	100	5,700 00	7th Feb 1933.	57 00	3 42	3 03	63 45	91 95	28 50	44 92
9 pc. Dining Room Suite.....	823	16	3,360 00	4th Jan 1933.	210 00	10 71	5 07	225 78	325 00	99 22	43.95
9 pc. Dining Room Suite.....	83	100	3,500 00	15th June 1933.	35 00	2 10	4 89	41 99	59 75	17 76	42.30
Wardrobes.....	325	200	2,200 00	31st May 1933.	11 00	0 56	0 50	12 06	16 95	4 89	40.55
9 pc. Dining Room Suite.....	73	30	1,050 00	4th May 1933.	35 00	2 10	5 80	42 90	59 95	17 05	39.74
9 pc. Dining Room Suite.....	1,473	50	2,850 00	30th Aug. 1933.	57 00	3 42	2 90	63 32	86 95	23 63	37.32
Spinet Desks.....	936	500	2,100 00	11th July 1933.	4 20	0 21	4 41	4 11	5 95	1 54	34 92
9 pc. Dining Room Suite.....	61	30	1,005 00	2nd Feb. 1933.	33 50	2 01	7 48	42 99	56 95	13 96	32 47
3 pc. Living Room Suite.....	201	1	42 50	19th July 1933.	42 50	3 55		45 05	51 95	31 95	70.92
3 pc. Living Room Suite.....	18	1	70 00	1st Feb. 1934.	70 00	3 57		73 57	122 50	48 93	66.51
3 pc. Living Room Suite.....	111/1	2	123 00	21st July 1933.	61 50	3 32		61 82	105 00	40 18	61.99

STATEMENT No. D-4

THE ROBERT SIMPSON COMPANY LIMITED
(Toronto Store)

DEPARTMENT No. 260—MEN'S OVERCOATS

Examples of Price spreads on Representative Larger Purchase Orders of Men's Overcoats

Description	Invoices					Initial Unit Selling Price	Initial Mark-up			
	Order Value	Date	Quantity	Unit Cost			Amount	Per cent to Cost		
				Invoice Price	Sales Tax				Freight	Total Laid Down Cost
\$			\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%		
Men's Overcoats.....		1933 September 21st.....	304	7 75	0 47		8 22	11 78	143.31	
Senator, Guard, etc.....	2,718 50	1933 August 18th & 25th	82	14 50	0 87		15 37	8 73	106.20	
Senator, Chester, Raglan, Guard, etc.		1933 August 18th & 25th	133	11 50	0 69		12 19	19 63	127.72	
Raglans and Slipons.....	1,005 25	1933 August 28th.....	85	11 00	0 66		11 66	12 81	105.09	
Raglans, Ulsters and Senators.....		Various.....	185	8 75	0 52		9 27	10 84	92.97	
Overcoats.....	1,583 75	1933 August 28th.....	3	11 75	0 70		12 45	7 68	82.85	
Urban.....		1933 November 3rd.....	10	11 50	0 69		12 19	10 05	80.72	
Bolton.....		1933 November 3rd.....	11	11 85	0 71		12 56	12 81	105.09	
Glenwood.....		1933 November 10th.....	11	11 85	0 71	0 12	12 68	12 44	99.04	
Statesman.....		1933 November 3rd.....	11	10 50	0 63		11 13	12 32	97.16	
Garwood.....		1933 November 3rd.....	6	13 85	0 83		14 68	8 87	79.69	
Ragwood.....		1933 November 10th.....	9	11 25	0 67	0 11	12 03	10 32	70.36	
Urban.....		1933 October 18th.....	1	26 00	1 56	0 04	27 60	7 97	66.25	
Statesman, Dorchester and Urban.....		1933 November 3rd.....	54	14 50	0 87	0 09	15 46	9 54	61.71	
Dorchester and Urban.....		1933 November 17th.....	7	33 50	2 01	0 28	35 79	19 21	53.67	
Urban.....		1933 November 9th.....	1	35 00	2 10	0 60	37 70	17 30	45.89	
Dorchester.....		1933 November 6th.....	12	17 25	1 04	0 09	18 38	6 62	36.02	
S. B. Slipon.....		1933 November 3rd.....	6	18 25	1 10	0 09	19 44	5 56	28.60	
Camel Pile Overcoats.....		1933 November 21st.....	20	13 50	0 81	0 05	14 36	10 64	74.04	
McGill, Masterman, Senator and Guard.....		1933 September 5th.....	24	11 50	0 69	0 06	12 25	7 75	63.27	
		7th.....	173	13 75	0 82		14 57	25 00	71.59	
Slipon, Raglan, Beverley, etc.....		1933 September 29th.....	115	10 50	0 53		11 03	18 50	67.72	
Tube, Guard and Ulster.....		1933 September 27th.....	32	7 25	0 44	0 06	7 75	5 20	67.10	
Congress and Raglan.....		1933 September 27th.....	45	6 50	0 39	0 06	6 95	3 05	43.88	
Men's Ulsters.....		1933 October 30th.....	25	6 50	0 39	0 06	6 95	10 00	43.88	
Garwood Overcoats.....		1933 October 24th.....	12	11 85	0 71	0 06	12 62	12 38	98.10	

THE ROBERT SIMPSON COMPANY LIMITED
(Toronto Store)

DEPARTMENT No. 260—MEN'S OVERCOATS

Examples of Price spreads on Representative Larger Purchase Orders of Men's Overcoats

Description	Invoices										Initial Mark-up
	Order Value	Date	Quantity	Unit Cost				Initial Unit Selling Price	Initial Mark-up		
				Invoice Price	Sales Tax	Freight	Total Laid Down Cost		Amount	Per cent to Cost	
Dorchester Overcoats	\$	Various dates..... 1933 October 27th..... Various dates..... Various dates..... Various dates..... Various dates..... Various dates..... 1933 October 3rd..... Various dates..... 1933 October 10th..... 1933 September 28th.....	192 18 51 30 49 73 80 7 20 30 30	\$ cts. 12 50 13 00 13 50 13 75 13 85 14 50 17 00 17 35 18 25 20 65 43 00	\$ cts. 0 75 0 78 0 81 0 82 0 83 0 87 1 02 1 04 1 09 1 24 2 58	\$ cts. 0 06 0 06 0 06 0 06 0 06 0 06 0 06 0 06 0 06 0 06 0 06	\$ cts. 13 31 13 84 14 37 14 63 14 74 15 43 18 08 18 45 19 40 21 95 45 64	\$ cts. 25 00 25 00 25 00 25 00 25 00 25 00 25 00 25 00 25 00 25 00 25 00	\$ cts. 11 69 11 16 10 63 10 37 10 26 9 57 6 92 6 55 5 60 3 05 20 64	% 87.83 80.64 73.97 70.88 69.60 62.02 38.27 35.50 28.87 13.90 45.22	
								Average		48.48	
Overcoats, various makes..... Pile Coats.....	5,250 00 648 00	Various dates..... 1933 August 26th..... 1933 September 20th.....	30 48	17 50 13 50	1 05 0 81	..... 0 06	18 55 14 37	25 00* 25 00	6 45 10 63	34.77 73.97
Overcoats, various makes.....		1933 October 26th..... 1933 October 27th.....	157	14 00	0 70	0 10	14 80	25 00	10 20	68.92	

* Initial Selling Price—\$35 00—Reduced to \$25 00 for sale purposes.
General Note.—For the year 1933 the gross profit of this Department as a whole after write-downs, shortages, etc., was 49.41% on cost.

STATEMENT No. D5

THE ROBERT SIMPSON COMPANY LIMITED

(Toronto Store)

DEPARTMENT 262—MEN'S SUITS

Examples of Price Spreads on Representative Larger Purchase Orders of Men's Suits

Description	Invoices						Initial Mark-up		
	Order Value	Date	Quantity	Unit Cost			Initial Unit Selling Price	Amount	Per cent to Cost
				Invoice Price	Sales Tax	Freight			
Men's Bath Robes.....	3,643 00	3rd Nov. 1933.....	480	1 75	0 10	0 02	3 95	2 08	111.23
Men's Suits.....	5,580 00	26-27th July 1933.....	118	16 50	1 00		35 00	17 50	100.00
Velvet Jackets.....	612 25	25th Oct. 1933.....	20	6 25		0 01	12 50	6 24	99.68
		25th Oct. 1933.....	28	5 00		0 01	10 00	4 99	99.60
Men's Flannel Robes.....		8th Aug. 1933.....	122	3 40	0 50	0 01	6 95	3 34	92.52
Men's Suits.....	7 980 00	19th Sept. 1933.....	21	12 60	0 76	0 07	25 00	11 57	86.15
Men's Suits.....		10th July 1933.....	116	12 65	0 76	0 11	25 00	11 48	84.91
		10th Oct. 1933.....							
Men's Bathrobes.....	2,275 00	4th Dec. 1933.....	600	1 50	0 08	0 02	2 95	1 35	84.37
Men's Suits.....	23,810 00	Various.....	161	10 50	0 63	0 05	20 00	8 82	78.89
		10th July 1933.....							
		19th Sept. 1933.....							
Men's Suits.....		10th Oct. 1933.....	51	13 15	0 79	0 07	25 00	10 99	78.51
		4th Dec. 1933.....							
Men's Bathrobes.....	See Item No. 8.....		300	1 58	0 08	0 02	2 95	1 27	75.59
Men's Suits.....	688 00	10th June 1933.....	49	10 75	0 64	0 07	20 00	8 54	74.52
Suits.....	1,695 50	Nov. & Oct. 1933.....	29	19 50	0 97		35 00	14 53	70.98
Coats Only.....	1,398 10	13-20th Nov. 1933.....	63	4 25	0 21		7 50	3 04	68.16
Coats Only.....			102	5 75	0 29		10 00	3 96	65.56
Suits.....	4,086 50	2-18th Nov. 1933.....	25	20 00	1 20		35 00	13 80	63.09
Coats Only.....	See Item No. 14.....	13-20th Nov. 1933.....	64	7 35	0 36		12 50	4 79	62.13
Suits.....	See Item No. 16.....	2-18th Nov. 1933.....	60	20 50	1 23		35 00	13 27	61.07
Suits (Various orders).....	29,855 75	Various.....	159	14 50	1 07		25 00	9 43	60.56
Suits.....	See Item No. 6.....	21st Oct. 1933.....	6	14 65	0 88	0 10	25 00	9 37	59.95
Suits.....	3,196 60	15th Sept. 1933.....	242	10 10	0 61	0 04	16 95	6 20	57.67
Suits.....	See Item No. 19.....	Various.....	233	12 00	0 72		20 00	7 28	57.23
Suits (Various orders).....	23,810 00	Various.....	173	11 95	0 72	0 05	20 00	7 28	57.23
Flannel Gowns.....	1,265 00	18th Sept. 1933.....							
		16th Dec. 1933.....	61	5 75	0 35		9 50	3 40	55.74
Suits.....	See Item No. 23.....	Various.....	140	15 00	0 90	0 05	25 00	9 05	56.74
Suits.....	See Item No. 13.....	Nov. & Oct. 1933.....	14	21 50	1 07		35 00	12 43	55.07

THE ROBERT SIMPSON COMPANY LIMITED
(Toronto Store)

DEPARTMENT 262—MEN'S SUITS

Examples of Price Spreads on Representative Larger Purchase Orders on Men's Suits

Description	Invoices							Initial Mark-up		
	Order Value	Date	Quantity	Unit Cost			Unit Laid Down Cost	Initial Unit Selling Price	Amount	Per cent to Cost
				Invoice Price	Sales Tax	Freight				
				\$	cts.	\$	cts.	\$	cts.	%
Suits	1,265 75	4th Oct. 1933.....	48	15 25	0 91	0 06	25 00	8 78	54.13	
Suits	294 00	17th Nov. 1933.....	27	10 50	0 63	0 05	16 95	5 77	51.61	
Suits	See Item No. 19.....	Various.....	101	12 50	0 75	.....	20 00	6 75	50.94
Suits	1,916 15	26th Sept. 1933.....	201	8 75	0 52	0 03	13 75	4 45	47.85	
Suits	See Item No. 23.....	Various.....	452	10 50	0 63	0 05	16 50	5 32	47.59	
Suits	5,580 00	18-20th July 1933.....	150	16 00	0 96	.....	25 00	8 04	47.40
Suits	See Item No. 21.....	15th Sept. 1933.....	14	23 00	1 38	.....	35 00	10 62	43.56
Suits	457 50	4th Dec. 1933.....	60	10 10	0 61	0 04	15 00	4 25	39.53	
Men's Flannel Robes.....			77	6 10	0 37	0 01	9 00	2 52	38.89	

General Note:—For the year 1933 the gross profit of this department as a whole, after write-downs, shortages, etc., was 37.07% on cost.

Statement No. D 6.

THE ROBERT SIMPSON COMPANY LIMITED
(Toronto Store)

DEPARTMENT 265—MEN'S CUSTOM TAILORING DEPARTMENT

Examples of Price Spreads on Representative Larger Purchase Orders of Men's Custom Tailoring

Description	Order Value	INVOICES					Initial Unit Selling Price	Initial Mark-up	
		Date	UNIT COST			Total laid down Cost		Amount	Percentage to Cost
			Quantity	Invoice Price	Sales Tax				
	\$		\$	cts.	\$	cts.	\$	cts.	%
Suits.....	10,000	1933, Sept. 20th..	17	13 75	.....	13 75	11 25	81.82
Special Suit.....	1,500	1933, Sept. 13th..	1	16 00	0 80	16 80	13 20	78.57	
Special Suit.....	(See 2)	1933, Sept. 13th..	1	20 50	1 02	21 52	16 48	76.58	
Special Suit.....	2,000	1933, Dec. 16th..	1	19 75	0 99	20 74	14 26	68.76	
Special Suit.....	1,500	1933, July 19th..	1	19 00	0 95	19 95	12 55	62.91	
Special Suit.....	(See 4)	1933, Dec. 16th..	1	24 00	1 20	25 20	14 80	58.73	
Special Suit.....	1,500	1933, July 23th..	1	15 50	0 76	15 96	9 04	56.64	
Overcoats.....	10,000	1933, Nov. 21st..	6	14 75	.....	14 75	7 75	52.54
Special Suit.....	2,000	1933, Dec. 20th..	1	22 00	1 10	23 10	11 90	51.52	
Special Suit.....	(See 7)	1933, July 28th..	1	19 50	0 96	20 46	9 84	48.81	
Special Suit.....	(See 5)	1933, July 19th..	1	16 50	0 82	17 32	7 68	44.34	
Special Suit.....	(See 9)	1933, Dec. 20th..	1	26 50	1 32	27 82	12 18	43.78	
Suits.....	10,000	1933, Nov. 23rd..	1	14 75	.....	14 75	6 25	42.37
Suits.....	31,000	Various	131	17 60	.....	17 60	7 40	42.05
Suits.....	(See 1 and 14)	Various	96	13 75	.....	13 75	5 75	41.82
Suits.....	(See 8 and 13)	Various	6	19 25	.....	19 25	7 25	37.66
Suits.....	3,000	1933, July 6th..	1	14 25	.....	14 25	5 25	36.84
Special Suit.....	1,500	1933, July 15th..	1	19 50	0 97	20 47	7 53	36.79	
Suits.....	(See 17)	1933, July 6th..	1	13 75	.....	13 75	4 75	34.55
Special Suit.....	(See 18)	1933, July 15th..	1	22 50	1 12	23 62	7 38	31.24	
Special Suit.....	(See 9)	1933, Dec. 20th..	1	12 50	0 62	13 12	3 88	29.57	
Suits.....	8,242	1933, Feb. 25th..	31	13 00	.....	13 00	3 50	26.92

General Note—For the year 1933 the gross profit of this Department as a whole, after write-downs, shortages, etc., was 29.39% on cost.

2. During the year 1933 purchases from Tip Top Tailors Limited represented approximately 67% of the total purchases of the Department. Two sales of \$16.50 suits were held in 1933, approximately 3,000 suits costing \$13 being sold at this figure.

THE ROBERT SIMPSON COMPANY LIMITED

(Toronto Store)

DEPARTMENT No. 301—LADIES' COATS

Examples of Price Spreads

Description	Date	Invoice					Initial Unit Selling Price	Initial Mark-up		
		Quantity	Unit Price	Sales tax	Freight and Duty	Total Laid Down Cost		Amount	Per-centage to Cost	
			\$	cts.	\$	cts.	\$	cts.	\$	cts.
Girls' Woollen Highgate Coats.....	17th Feb. 1933.....	8	4 34	.....	2 45	6 79	22 50	15 71	231·37
Girls' Woollen Highgate Coats.....	17th Feb. 1933.....	4	4 76	.....	2 67	7 43	22 50	15 07	202·83
Girls' Woollen Highgate Coats.....	17th Feb. 1933.....	8	3 70	.....	2 11	5 81	15 00	9 19	158·18
Girls' Woollen Blazers.....	17th Feb. 1933.....	7	1 11	.....	0 73	1 84	3 95	2 11	114·67
Navy Cheviot Reefers—Coats.....	28th Feb. 1933.....	27	2 65	0 13	0 02	2 80	5 95	3 15	112·50	
Girls' Coats—Assorted.....	25th Feb. 1933.....	53	4 50	0 27	0 03	4 80	10 00	5 20	108·33	
Girls' Woollen Erin Coats.....	17th Feb. 1933.....	3	7 83	.....	4 31	12 14	25 00	12 86	105·93
Girls' Woollen Ettington Coats.....	17th Feb. 1933.....	2	7 94	.....	4 36	12 30	25 00	12 70	103·25
Girls' Woollen Erin Coats.....	17th Feb. 1933.....	4	7 31	.....	4 03	11 34	22 50	11 16	98·41
Girls' Woollen Blazers.....	17th Feb. 1933.....	19	1 22	.....	0 79	2 01	3 95	1 94	96·52
Girls' Woollen Ettington Coats.....	17th Feb. 1933.....	6	8 25	.....	4 53	12 78	25 00	12 22	95·62
Girls' Woollen Erin Coats.....	17th Feb. 1933.....	2	8 79	.....	4 82	13 61	25 00	11 39	83·69
Girls' Woollen Blazers.....	17th Feb. 1933.....	24	1 38	.....	0 87	2 25	3 95	1 70	75·56
Ladies' Coats.....	6th Feb. 1934.....	3	13 00	0 65	.....	13 65	23 00	9 35	68·50
Coats—Diagonal Fleck Tweeds and Garbo Models.....	28th Feb. 1933.....	42	3 35	0 17	0 02	3 54	5 95	2 41	68·08	
Ladies' Coats.....	6th Feb. 1934.....	1	10 50	0 52	.....	11 02	18 00	6 98	63·34
Ladies' Coats.....	9th Nov. 1933.....	108	10 50	0 52	.....	11 02	18 00	6 98	63·34
Ladies' Coats.....	8th Feb. 1934.....	10	10 75	0 54	.....	11 29	18 00	6 71	59·43
Ladies' Coats.....	6th Feb. 1934.....	2	10 75	0 54	.....	11 29	18 00	6 71	59·43
Ladies' Coats.....	11th Oct. 1933.....	83	21 00	1 05	.....	22 05	35 00	12 95	58·73
Ladies' Coats.....	30th Jan. 1934.....	2	14 50	0 73	0 04	15 27	23 00	7 73	50·62	
Ladies' Coats.....	8th Feb. 1934.....	5	17 75	0 89	.....	18 64	28 00	9 36	50·21
Ladies' Coats.....	6th Feb. 1934.....	1	9 60	0 48	.....	10 08	15 00	4 92	48·81
Ladies' Coats.....	8th Feb. 1934.....	5	9 60	0 48	.....	10 08	15 00	4 92	48·81
Ladies' Coats.....	30th Jan. 1934.....	2	18 00	0 90	0 04	18 94	28 00	9 06	47·83	
Ladies' Coats.....	6th Feb. 1934.....	2	9 75	0 49	.....	10 24	15 00	4 76	46·48
Ladies' Coats.....	6th Feb. 1934.....	3	24 75	1 24	.....	25 99	38 00	12 01	46·21
Ladies' Coats.....	30th Jan. 1934.....	8	11 75	0 59	.....	12 34	18 00	5 66	45·86
Ladies' Coats.....	6th Feb. 1934.....	2	12 00	0 60	.....	12 60	18 00	5 40	42·86

Ladies' Coats.....	30th Jan. 1934.....	7	18 50	0 92	0 04	19 46	28 00	8 54	43 88
Ladies' Coats.....	6th Feb. 1934.....	4	10 00	0 50	.....	10 50	15 00	4 50	42 86
Ladies' Coats.....	30th Jan. 1934.....	17	12 00	0 60	0 04	12 64	18 00	5 36	42 41
Ladies' Coats.....	8th Feb. 1934.....	4	15 75	0 79	.....	16 54	23 00	6 46	39 06
Ladies' Coats.....	30th Jan. 1934.....	8	15 75	0 79	0 04	16 58	23 00	6 42	38 72
Ladies' Coats.....	6th Feb. 1934.....	4	8 25	0 41	.....	8 66	12 00	3 34	38 57
Ladies' Coats.....	6th Feb. 1934.....	5	12 65	0 63	.....	13 28	18 00	4 72	35 54
Ladies' Coats.....	30th Jan. 1934.....	4	12 75	0 63	.....	13 38	18 00	4 62	34 53
Ladies' Coats.....	6th Feb. 1934.....	2	12 75	0 64	.....	13 39	18 00	4 61	34 43
Ladies' Coats.....	8th Feb. 1934.....	4	12 75	0 64	.....	13 39	18 00	4 61	34 42
Ladies' Coats.....	6th Feb. 1934.....	1	11 75	0 59	.....	12 34	18 00	5 66	45 86

NOTE.—For the year ended 4th January 1934 the gross profit of this Department as a whole, after stock write-downs, stock shortage, etc., was 41.86% on cost.

Dresses.....	25th April	1933.	12	10 00	0 48	0 06	1 54	19 75	9 21	87.38
Suits.....	26th June	1933.	118	5 00	0 30	0 03	5 33	9 95	4 62	86.68
Dresses (Job).....	23rd June	1933.	52	10 00	0 60	.....	10 60	19 75	9 15	86.32
Real Silk Dresses.....	5th April	1933.	1	10 50	.....	10 83	21 33	39 50	18 17	85.19
(Chinese Dresses).....	15th Sept.	1933.	1	59 50	2 86	0 02	62 38	115 00	52 62	84.35
Dresses.....	Various.	1933.	14	13 00	0 62	.....	13 62	25 00	11 38	83.55
Dresses (See No. 33).....	1st Aug.	1933.	1	45 54	.....	36 30	81 84	150 00	68 16	83.28
Dresses.....	9th May	1933.	7	6 75	0 32	0 03	7 10	12 95	5 85	82.39
Dresses.....	25th April	1933.	3	11 75	0 56	0 06	12 37	22 50	10 13	81.89
Dresses.....	1st May	1933.	7	11 75	0 58	0 07	12 40	22 50	10 10	81.45
Dresses.....	12th Sept.	1933.	2	18 50	0 89	.....	19 40	35 00	15 60	80.41
Real Silk Dresses.....	8th March	1933.	9	10 50	.....	8 93	19 43	35 00	15 57	80.13
Real Silk Dresses.....	8th March	1933.	9	10 50	.....	9 08	19 58	35 00	15 42	78.75
Real Silk Dresses.....	8th March	1933.	10	10 50	.....	9 18	19 68	35 00	15 32	77.85
Dresses.....	4th May	1933.	6	12 75	Included	.....	12 75	22 50	9 75	76.47
Dresses.....	Various.	1933.	21	21 50	1 03	0 02	22 55	39 50	16 95	75.17
Dresses.....	18th May	1933.	3	32 50	1 56	0 11	34 17	59 50	25 33	74.13
Dresses.....	1st May	1933.	8	10 75	0 53	0 07	11 35	19 75	8 40	74.01
Dresses.....	26th June	1933.	219	3 25	0 19	.....	3 44	5 95	2 51	72.97
Dresses.....	20th Sept.	1933.	23	14 50	Included	.....	14 50	25 00	10 50	72.41
Suits.....	26th June	1933.	13	3 25	0 19	0 03	3 47	5 95	2 48	71.50
Dresses.....	21st Aug.	1933.	4	25 00	0 20	0 07	26 27	45 00	18 73	71.30
Dresses.....	25th April	1933.	6	19 50	0 94	.....	20 44	35 00	14 56	71.23
Dresses.....	Various.	1933.	30	14 00	0 67	.....	14 67	25 00	10 33	70.42
Dresses.....	22nd Aug.	1933.	1	14 00	0 67	.....	14 67	25 00	10 33	70.42
Dresses.....	20th Sept.	1933.	8	14 00	0 67	0 02	14 69	25 00	10 31	70.18
Dresses.....	3rd Oct.	1933.	3	19 75	0 95	0 02	20 72	35 00	14 28	68.92
Dresses.....	Various.	1933.	105	11 75	.....	.....	11 77	19 75	7 98	67.80
Dresses.....	Various.	1933.	5	39 50	1 90	0 02	41 42	69 50	28 08	67.79
Dresses.....	21st Aug.	1933.	4	22 50	1 08	0 07	23 65	39 50	15 85	67.02
Dresses.....	4th May	1933.	6	15 00	Included	.....	15 00	25 00	10 00	66.67
Dresses.....	16th Sept.	1933.	4	22 50	1 08	0 12	23 70	39 50	15 80	66.67
Dresses.....	18th May	1933.	4	20 00	0 96	0 11	21 07	35 00	13 93	66.11
Dresses.....	5th Sept.	1933.	5	17 00	0 82	.....	17 82	29 50	11 68	65.54
Dresses.....	25th April	1933.	8	17 00	0 82	.....	17 82	29 50	11 68	65.54
Dresses.....	22nd Aug.	1933.	6	17 00	0 82	.....	17 82	29 50	11 68	65.54
Dresses.....	28th Sept.	1933.	6	14 50	0 70	.....	15 20	25 00	9 80	64.47
Dresses.....	8th May	1933.	6	10 50	.....	10 83	21 33	35 00	13 67	64.09
Real Silk Dresses.....	5th April	1933.	5	10 50	.....	10 84	21 34	35 00	13 66	64.01
Real Silk Dresses.....	5th April	1933.	5	18 00	.....	0 02	18 02	29 50	11 48	63.71
Dejas Dresses.....	Various.	1933.	24	14 50	0 70	0 08	15 28	25 00	9 72	63.61
Dresses.....	30th May	1933.	7	35 00	1 68	0 02	36 70	59 50	22 80	62.13
Dresses.....	Various.	1933.	19	10 00	0 48	0 03	10 51	16 95	6 44	61.27
Dresses.....	13th May	1933.	85	17 50	0 84	0 02	18 36	29 50	11 14	60.68
Dresses.....	3rd Oct.	1933.	22	23 50	1 13	.....	24 63	39 50	14 87	60.38
Dresses.....	29th Sept.	1933.	6	29 50	1 42	0 02	30 94	49 50	18 56	59.99
Dresses.....	Various.	1933.	16	23 50	1 13	0 12	24 75	39 50	14 75	59.60
Dresses.....	16th Sept.	1933.	1	21 00	1 01	.....	22 01	35 00	12 99	59.02
Dresses.....	11th April	1933.	14	21 00	1 01	.....	22 01	35 00	12 99	59.02
Dresses.....	22nd Aug.	1933.	6	21 00	1 01	.....	22 01	35 00	12 99	59.02
Dresses.....	13th Sept.	1933.	6	21 00	1 01	.....	22 01	35 00	12 99	59.02

STATEMENT No. D-10 (Cont'd)

THE ROBERT SIMPSON COMPANY LIMITED
(Toronto Store)

DEPARTMENT No. 305—MEDIUM PRICED DRESSES, DRESS SALON—EXAMPLES OF PRICE SPREADS

Description	Date	Invoice					Initial Unit Selling Price	Initial Mark Up	
		Quantity	Unit Price	Sales Tax	Freight and Duty	Total Laid-down Cost		Amount	Percentage to Cost
			\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%
Dresses.....	1st Sept. 1933.	6	21 00	1 00	0 03	22 03	35 00	12 97	58.87
Dresses (Job).....	27th June 1933.	49	6 00	0 36	0 02	6 38	9 95	3 57	55.96
Dresses.....	27th Sept. 1933.	3	22 50	Included	.....	22 50	35 00	12 50	55.56
Dresses.....	6th Sept. 1933.	5	24 50	1 17	0 02	25 69	39 50	13 81	53.76
Dresses.....	5th Sept. 1933.	4	15 75	0 76	0 02	16 53	25 00	8 47	51.24
Dresses.....	10th April 1933.	3	9 92	0 60	.....	10 52	14 75	4.23	40.21

NOTE.—For the year ended 4th January 1934 the gross profit of the Department as a whole, after stock write-downs, stock shortages, etc., was 34.14% on cost.

THE ROBERT SIMPSON COMPANY LIMITED
(Toronto Store)

DEPARTMENT 306—MODERATELY PRICED DRESSES, HOUSE DRESSES, JR. MISSES' DRESSES—EXAMPLES OF PRICE SPREADS

Description	Date	Invoice					Initial Unit Selling Price	Initial Mark Up	
		Quantity	Unit Price	Sales Tax	Freight	Total laid down Cost		Amount	Percent- age to Cost
			\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
Assorted Dresses.....	8th Nov. 1933.....	33	4 81	0 29	.....	5 10	19 75	14 65	287.25*
Assorted Dresses.....	8th Nov. 1933.....	20	4 81	0 29	.....	5 10	17 50	12 40	243.14*
Assorted Dresses.....	8th Nov. 1933.....	15	4 81	0 29	.....	5 10	15 95	10 85	212.75*
Assorted Dresses.....	8th Nov. 1933.....	11	4 81	0 29	.....	5 10	12 95	7 85	153.92*
Assorted Dresses.....	8th Nov. 1933.....	2	4 81	0 29	.....	5 10	10 95	5 85	114.71*
Assorted Dresses.....	8th Nov. 1933.....	115	4 81	0 29	.....	5 10	7 00	1 90	37.25*
Assorted Dresses.....	8th Nov. 1933.....	7	4 81	.....	.....	5 10	5 98	0 88	17.25*
Assorted Dresses.....	31st Mar. 1933.....	37	4 75	(Incl.)	.....	4 75	10 95	6 20	130.53
Sample Dresses.....	13th April 1933.....	75	4 75	(Incl.)	.....	4 75	10 95	6 20	130.53
House Dresses.....	4th Aug. 1933.....	300	0 62½	0 03	.....	0 65½	1 50	0 84½	129.01
Striped Dresses.....	28th Mar. 1933.....	307	0 62½	0 03	\$ 0 01½	0 66½	1 50	0 83½	124.72
Assorted Dresses.....	3rd Mar. 1933.....	348	0 63½	0 03	0 01½	0 66½	1 50	0 83½	124.72
Printed Chiffons, Organdies, Dresses.....	27th June 1933.....	50	3 50	0 21	0 03	3 74	7 98	4 24	113.37
Pique Dresses.....	27th July 1933.....	660	0 66½	0 04	.....	0 70½	1 49	0 78½	110.86
Dresses.....	6th April 1933.....	12	10 75	(Incl.)	.....	10 75	22 50	11 75	109.30
Sand Crepe "Sunday Nites".....	18th Mar. 1933.....	48	5 00	0 24	0 02	5 26	10 95	5 69	108.17
Plain Rabbits Hair Dresses.....	15th Nov. 1933.....	180	2 25	0 14	0 01	2 40	4 98	2 58	107.50
Dresses.....	13th Mar. 1933.....	54	4 00	(Incl.)	.....	4 00	8 25	4 25	106.25
Print Dresses.....	18th Mar. 1933.....	24	2 75	0 13	0 02	2 90	5 98	3 08	106.20
Rabbits Hair Dresses.....	15th Nov. 1933.....	12	2 25	0 14	0 03	2 42	4 98	2 56	105.79
Dresses.....	31st July 1933.....	24	12 50	(Incl.)	.....	12 50	25 00	12 50	100.00
"Sunday Nites".....	25th Nov. 1933.....	74	4 24	0 26	01	4 51	9 00	4 49	99.56
Dresses.....	24th Mar. 1933.....	32	6 50	(Incl.)	.....	6 50	12 95	6 45	99.23
Dresses.....	22nd Mar. 1933.....	36	6 50	(Incl.)	.....	6 50	12 95	6 45	99.23
Dresses.....	20th Feb. 1933.....	10	9 66	(Incl.)	Duty 10 53	20 19	39 50	19 31	95.64
Dresses.....	20th Feb. 1933.....	10	9 66	(Incl.)	Duty 10 57	20 23	39 50	19 27	95.25
Point Dresses.....	15th and 17th April 1933.....	60	2 45	0 12	0 01	2 58	4 88	2 30	89.15
Dresses.....	23rd Oct. 1933.....	20	3 25	0 19	.....	3 44	6 48	3 04	88.37
Dresses—Tailored.....	9th Sept. 1933.....	3	9 00	0 38	.....	9 38	17 50	8 12	86.57
Point Dresses.....	Various.....	147	2 50	0 12	0 01	2 63	4 88	2 25	85.55
Dresses—Tailored.....	9th Sept. 1933.....	32	8 25	0 35	.....	8 60	15 95	7 35	85.46
Fairway Voile Dresses.....	25th May 1933.....	936	0 66	0 03	0 01	0 70	1 29	0 59	84.29
Point Dresses.....	Various.....	175	2 55	0 12	0 01	2 68	4 88	2 20	82.09
Point Dresses.....	17th April 1933.....	114	2 60	0 12	0 01	2 73	4 88	2 15	78.75

THE ROBERT SIMPSON COMPANY LIMITED

(Toronto Store)

DEPARTMENT 306—MODERATELY PRICED DRESSES, HOUSE DRESSES, JR. MISSES' DRESSES—EXAMPLES OF PRICE SPREADS

SPECIAL COMMITTEE

Description	Date	Invoice					Initial Unit Selling Price	Initial Mark Up	
		Quantity	Unit Price	Sales Tax	Freight	Total laid down Cost		Amount	Percent- age to Cost
Dresses.....	28th Mar. 1933.....	236	\$ 0 85 ¹ ₂	0 03	0 01 ¹ ₄	0 89 ³ ₄	1 50	\$ 0 60 ¹ ₄	67·13
Dresses.....	23rd Oct. 1933.....	43	4 25	0 26	.....	4 51	7 98	3 47	76·94
Assorted Crepe Dresses and Samples.....	30th Nov. 1933.....	118	4 81	0 29	.....	5 10	9 00	3 90	76·47
Point Dresses.....	Various.....	163	2 65	0 12	0 01	2 78	4 88	2 10	75·54
Selected Prints.....	18th Mar. 1933.....	12	3 25	0 14	0 02	3 41	5 98	2 57	75·37
Dresses—Tailored.....	9th Sept. 1933.....	9	6 00	0 25	.....	6 25	10 95	4 70	75·20
“Sunday Nites”.....	25th Nov. 1933.....	37	6 13	0 37	0 01	6 51	10 95	4 44	68·20
Assorted Dresses.....	31st Mar. 1933.....	28	4 75	(Incl.)	.....	4 75	7 98	3 23	68·00
Rabbit Hair Suits.....	15th Nov. 1933.....	6	1 69	0 10	0 01	1 80	2 98	1 18	65·56
Various Suits and Dresses.....	16th Nov. 1933.....	847	1 13	0 07	0 01	1 21	1 98	0 77	63·64
Assorted Dresses (Consignment).....	25th Nov. 1933.....	228	3 50	0 21	.....	3 71	5 98	2 27	61·19
Dresses.....	23rd Oct. 1933.....	28	3 25	0 19	.....	3 44	5 48	2 04	59·30
Women's Dresses, Prints and Plains.....	28th Feb. 1934.....	90	3 00	0 18	0 02	3 20	5 00	1 80	56·25
Celanece Dresses.....	26th June 1933.....	182	1 88	0 09	0 01	1 98	2 98	1 00	50·51
Ladies' House Dresses.....	23rd May 1933.....	1,800	0 50	0 03	0 01	0 54	0 79	0 25	46·30
Celanece Pique Dresses.....	16th May 1933.....	1,036	1 05	(Incl.)	.....	1 05	1 50	0 45	42·86
Artificial Silk Dresses.....	25th Nov. 1933.....	12	7 13	0 46	Duty 6 22 ¹ ₂	13 94	17 50	3 56	25·54

NOTE:—For the year ended 4th January 1934 the gross profit of the department as a whole after stock write-downs, stock shortages, etc. was 44·54% on cost.
*Average 117·54%.

THE ROBERT SIMPSON COMPANY LIMITED

(Toronto Store)

DEPARTMENT 316—LOWER PRICED DRESSES, SELF-SERVE DRESSES AND COATS—EXAMPLES OF PRICE SPREADS ON LARGER PURCHASE ORDERS

Description	Date	Quantity	Invoice					Initial Unit Selling Price	Initial Mark-up	
			Unit Price	Sales Tax	Freight	Total laid-down Cost	Amount	Percentage to Cost		
			\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%		
Capes.....	28th Feb. 1934.	7	1 50	0 08	.....	1 58	7 50	374.68*	5 92	
Coats.....	28th Feb. 1934.	1	5 00	0 25	.....	5 25	19 50	271.43*	14 25	
Capes and Suits.....	28th Feb. 1934.	3	6 00	0 30	.....	6 30	19 50	209.52*	13 20	
Suits.....	28th Feb. 1934.	4	4 00	0 20	.....	4 20	12 90	207.14*	8 70	
Coats.....	28th Feb. 1934.	10	5 00	0 25	.....	5 25	15 00	185.71*	9 75	
Suits.....	28th Feb. 1934.	39	4 00	0 20	.....	4 20	7 50	78.57*	3 30	
"Sunday Nites".....	1st Nov. 1933.	20	2 75	0 14	.....	2 89	4 94	70.93	2 05	
Women's Coats.....	7th Sept. 1933.	8	6 00	Incl.	.....	6 00	9 94	65.67	3 94	
Coats.....	5th May 1932.	60	4 75	0 24	0 03	5 02	7 88	56.97	2 86	
Dresses.....	11th Nov. 1933.	10	3 00	0 18	.....	3 18	4 94	55.35	1 76	
"Ruif ('repe') Dresses.....	7th Nov. 1933.	36	3 00	0 18	.....	3 18	4 94	55.35	1 76	
Satin Sand Crepe.....	13th Nov. 1933.	72	3 00	0 18	0 01	3 19	4 94	54.86	1 75	
(Job) Coats.....	Aug. 1933.	37	6 75	0 34	.....	7 09	10 94	54.30	3 85	
Women's Coats.....	28th July 1933.	100	6 75	0 33	.....	7 08	10 74	51.69	3 66	
(Advt. as fur trimmed) —										
Coats (Job Lot).....	24th Aug. 1933.	40	6 75	0 34	.....	7 09	10 74	51.48	3 65	
Coats.....	15th Aug. 1933.	15	6 75	0 34	.....	7 09	10 74	51.48	3 65	
Coats.....	15th Aug. 1933.	36	6 75	0 34	.....	7 09	10 74	51.48	3 65	
Coats.....	12th Sept. 1933.	15	6 75	0 34	.....	7 09	10 74	51.48	3 65	
Coats.....	15th Aug. 1933.	4	11 25	0 56	.....	11 81	17 74	50.21	5 93	
Celanese Dresses.....	13th Nov. 1933.	66	1 88	0 11	0 01	2 00	2 94	47.00	0 94	
Cascade Dresses.....	16th Nov. 1933.	59	3 25	0 16	.....	3 41	4 94	44.87	1 53	
Cascade Dresses.....	24th Nov. 1933.	10	3 25	0 19	.....	3 44	4 94	43.60	1 50	
Coats.....	28th Feb. 1934.	78	5 00	0 25	.....	5 25	7 50	42.86	2 25	
Women's Coats.....	7th Sept. 1933.	5	7 00	Incl.	.....	7 00	9 94	42.00	2 94	
Fabric Jackets.....	15th Aug. 1933.	14	4 00	.....	.....	7 00	9 94	42.00	2 94	
Girls' Coats.....	24th Feb. 1933.	11	4 00	.....	.....	4 20	5 94	41.42	1 74	
Girls' Coats.....	24th Feb. 1933.	8	5 35	0 27	.....	5 62	7 94	41.28	2 32	
Rough Crepe Dresses.....	16th Nov. 1933.	48	2 65	0 13	0 01	2 79	3 94	41.22	1 15	
Women's Coats.....	22th Feb. 1933.	25	4 00	0 20	.....	4 20	5 88	40.00	1 68	
Assorted Tweed Coats.....	10th Mar. 1933.	12	4 00	0 20	.....	4 20	5 88	40.00	1 68	
Women's Coats.....	15th Mar. 1933.	48	4 00	0 20	.....	4 20	5 88	40.00	1 68	
Girls' Coats.....	23th Feb. 1933.	10	4 00	0 20	.....	4 20	5 88	40.00	1 68	
Coats.....	5th May 1932.	50	6 75	0 34	0 03	7 12	9 94	39.61	2 82	
Coats.....	9th April 1932.	100	5 35	0 32	0 03	5 70	7 88	38.25	2 18	
(Coats (Job Lot).....	24th Aug. 1933.	2	13 75	0 69	.....	14 44	19 94	38.09	5 50	
Coats.....	12th Sept. 1933.	5	13 75	0 69	.....	14 44	19 94	38.09	5 50	

*Average 95.52%.

NOTE:—For the year ended 4th January, 1934 the gross profit of the Department as a whole, after stock write-downs, stock shortages, etc., was 33.97% on cost.

THE ROBERT SIMPSON COMPANY LIMITED

Toronto Store

EXAMPLES OF PRICE SPREADS—SHOE DEPARTMENT

Description	Date	Quantity	Invoice					Initial Unit Selling Price		Initial Mark-up	
			Unit Price	Sales Tax	Freight Duty	Total Laid-Down Cost		\$	cts.	\$	cts.
											Per cent to Cost
Department 285 (Men's Shoes). Men's Galoshes..... Oxfords..... Oxfords.....	18th Nov. 1933.	384	\$ 1 18	"		\$ 1 18	1 69	0 51	43-22		%
	April-May 1933.	1,068	Average 4 20	"		4 20	5 95	1 75	41-67		
	Nov.-Dec. 1932.	612	3 74	"		3 74	4 39	0 65	17-38		
Department 283 (Children's Shoes). Infants' Shoes..... Infants' Shoes..... Misses' Shoes—Various..... Boys' Shoes.....	9th Sept. 1933.	219	\$ 1 27	"		\$ 1 27	1 99	0 72	56-70		
	9th Sept. 1933.	439	1 27	"		1 27	1 79	0 52	40-95		
	Feb.-Mar. 1933.	1,258	0 64	"		0 64	0 89	0 25	39-06		
	22nd Feb. 1933.	216	0 73			0 73	0 99	0 26	35-62		
Department 287 (Lower Priced Store). Women's—Assorted..... Women's Job Shoes..... Women's Assorted..... Women's Black Tie Shoes.....	22nd Aug. 1933.	88	\$ 1 76	"		\$ 1 76	2 98	1 22	69-32		
	15th Feb. 1933.	1,255	1 02	"		1 02	1 59	0 57	55-88		
	22nd Aug. 1933.	770	1 36	"		1 36	1 99	0 63	46-32		
	15th Aug. 1933.	204	1 45	"		1 45	1 99	0 54	37-24		

GENERAL NOTE.—For the year ended 4th January 1934, the Gross Profit of the Department as a whole after stock write-downs, stock shortages, etc., was 38-19 p.c. on Cost.

THE ROBERT SIMPSON COMPANY LIMITED

DEPARTMENT 251—MEN'S SHIRTS—TORONTO STORE

Examples of Price Spreads

Description	Date	Quantity	Invoice				Initial Unit Selling Price	Initial Mark-up	
			Unit Cost	Sales Tax	Freight	Total Laid Down Cost		Amount	Percentage to Cost of Sales
			\$			\$	\$	\$	
Men's Pyjamas.....	31st Mar. 1934.	36	1 59	Included	Nil	1 59	2 98	1 39	87.42
Men's Neg. Shirts.....	19th Aug. 1933.	449	0 43	"	0.01	0 44	0 75	0 31	70.45
S.S. 6010-11-12 Bowling Shirts.....	3rd Mar. 1934.	122	1 75	"		1 75	2 95	1 20	68.57
2140 Grey 2143 Green Shirts.....	25th Sept. 1933.	51	1 17	"		1 17	1 95	0 78	66.67
Men's Neg. Shirts.....	16th Aug. 1933.	660	0 44½	"	0 00½	0 45	0 75	0 30	66.67
4110-6778-4122-4114 Shirts.....	10th Mar. 1934.	95	1 80	"		1 80	2 95	1 15	63.89
S. W. 54-59.....	13th Feb. 1934.	1,238	1 22	"		1 22	1 95	0 73	59.84
S. S. White Shirts.....	29th Mar. 1934.	1,085	1 23	"		1 23	1 95	0 72	58.54
Shirts.....	28th Mar. 1934.	149	1 58	"		1 58	2 50	0 92	58.23
511, 515-516 Hemp Shirts.....	22nd Feb. 1934.	96	1 59	"		1 59	2 50	0 91	57.23
3742, 3737, N.B. & C.A. Shirts.....	11th Oct. 1933.	168	1 88	"	0 00½	1 88	2 95	1 07	56.91
Men's Neg. Shirts.....	18th May 1933.	1,920	0 43½	"		0 44	0 69	0 25	56.82
#8783 S/C & 3783 C/A Shirts.....	29th Mar. 1934.	1,187	0 96	"		0 96	1 50	0 54	56.25
N.E. 101 C.A.W. Shirts.....	7th Dec. 1933.	1,212	0 63	"	0 01	0 65	1 00	0 36	55.21
Plain and Fancy English Pyjamas.....	18th Jan. 1934.	1,896	0 95	"	0 01	0 96	1 49	0 53	53.85
3650-1, 3, 9, 3663, 3679 Shirts.....	22nd Sept. 1933.	222	1 30	"		1 30	2 00	0 70	53.85
Plain and Fancy Broadcloth Shirts.....	31st Aug. 1933.	3,600	0 64	"	0 01	0 65	1 00	0 35	53.85
Shirts.....	26th Mar. 1934.	159	1 94	"		1 94	2 98	1 04	53.61
Men's Shirts.....	11th Oct. 1933.	409	1 29	"		1 29	1 98	0 69	53.49
Men's Neg. Shirts.....	19th Sept. 1933.	705	0 48½	"	0 00½	0 49	0 75	0 26	53.06
Shirts.....	16th Aug. 1933.	672	1 29	"		1 29	1 95	0 66	51.16
Men's Pyjamas.....	23rd Nov. 1933.	98	1 96	"		1 96	2 95	0 99	50.51
P.K. 78, 67, 44 Pyjamas.....	8th Jan. 1934.	96	0 90	"		0 90	1 35	0 45	50.00
Chambray Shirts—46.....	24th Feb. 1934.	114	0 68	"	0 01	0 69	0 95	0 26	37.68
Navy Shirts—47.....	24th Feb. 1934.	48	0 68	"	0 01	0 69	0 95	0 26	37.68
Khaki Shirts—48.....	24th Feb. 1934.	14	0 68	"	0 01	0 69	0 95	0 26	37.68
Fancy English Broadcloth Shirts.....	31st July 1933.	2,040	0 66	"	0 01	0 67	1 00	0 33	49.25
Shirts—J.C. C/a.....	1st Mar. 1934.	2,460	0 66	"	0 01	0 67	1 00	0 33	49.25
Shirts—J.C. S/c.....	1st Mar. 1934.	1,132	0 66	"	0 01	0 67	1 00	0 33	49.25
Plain and Fancy Eng. Broadcloth Shirts.....	27th Jan. 1934.	1,920	0 66	"	0 01	0 67	1 00	0 33	49.25
P.C. 7/8 Shirts.....	14th Dec. 1933.	528	1 34½	"	0 00½	1 35	2 00	0 65	48.15

THE ROBERT SIMPSON COMPANY LIMITED
DEPARTMENT 251—MEN'S SHIRTS—TORONTO STORE

Examples of Price Spreads

Description	Invoice					Initial Unit Selling Price	Initial Mark-up	
	Date	Quantity	Unit Cost	Sales Tax	Freight	Total Laid Down Cost	Amount	Percentage to Cost of Sales
			\$			\$	\$	
100-105 Brown Black Shirts.....	26th Sept. 1933.	123	1 32	"	.....	1 32	0 63	47.73
100 Red-Black Shirts.....	25th Sept. 1933.	57	1 34	"	.....	1 34	0 61	45.52
Men's Shirts.....	3rd July 1933.	4,437	0 53	"	0 01	0 54	0 25	46.30
Men's Shirts.....	8th Nov. 1933.	644	1 04	"	.....	1 04	0 46	44.23
Men's Neg. Shirts.....	16th Aug. 1933.	1,110	0 51 ¹ / ₂	"	0 00 ¹ / ₂	0 52	0 23	44.23
White Shirts (3/4 and C/s).....	24th Feb. 1934.	492	1 04 ¹ / ₂	"	0 00 ¹ / ₂	1 05	0 45	42.86
Assorted Garments—Knit Underwear.....	7th Nov. 1933.	10,020	0 48 ¹ / ₂	"	0 00 ¹ / ₂	0 49	0 20	40.82
Men's Pyjamas.....	15th Sept. 1933.	718	0 95	"	0 01	0 96	0 39	40.62
Men's Neg. Shirts.....	19th Aug. 1933.	536	0 53	"	0 01	0 54	0 21	38.89
Men's Shirts.....	15th Feb. 1934.	1,746	0 42	"	0 01	0 43	0 16	37.21
Lot 13 Pyjamas.....	22nd Feb. 1933.	432		"				
S.W. 48 52, 53, 54, 55, 56, 57 Shirts.....	13th Jan. 1934.	420	1 09	"	0 01	1 10	0 40	36.36
Men's Neg. Shirts.....	17th Feb. 1934.	1,063	1 29	"	.....	1 29	0 46	35.65
	17th Aug. 1933.	990	0 55 ¹ / ₂	"	0 00 ¹ / ₂	0 56	0 19	33.93
#450 White Shirts.....	18th Aug. 1933.	785		"	.....		
Plain and Fancy Eng. Broadcloth Shirts.....	14th Feb. 1934.	1,015	1 47	"	.....	1 47	0 48	32.65
	26th Jan. 1934.	3,000	65	"	0.01	0 66	0 19	28.78

NOTE.—For the year ended 4th January, 1934, the gross profit of this Department as a whole after stock write downs, stock shortage, etc., was 43.74 p.c. on cost.

STATEMENT No. D-26

THE ROBERT SIMPSON COMPANY LIMITED

Department 332—Knitted Underwear

EXAMPLES OF PRICE SPREADS

Date	Invoice					Initial Selling Price	Initial Mark-Up	
	Quantity	Unit Cost			Amount		Percent age to Cost	
		Invoice Cost	Sales Tax and Freight	Laid Down Cost				
		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%	
23rd Oct. 1933.....	81 ¹⁰ / ₁₂ Doz.	0 50	0 03	0 53	0 98	0 45	84·81	
23rd Oct. 1933.....	52 ¹ / ₄ "	0 50	0 03	0 53	0 98	0 45	84·81	
12th Jan. 1934.....	120 "	0 33	0 02	0 35	0 59	0 24	68·57	
26th Jan. 1934.....	105 "	0 19	0 01	0 20	0 33	0 13	65·00	
13th Jan. 1934.....	290 "	0 19	0 01	0 20	0 33	0 13	65·00	
Jan. and Feb. 1934.....	1,910 ⁸ / ₁₂ "	0 28	0 02	0 30	0 49	0 19	63·33	
22nd Nov. 1933.....	41 "	0 49	0 03	0 52	0 79	0 27	51·92	
27th Oct. 1933.....	100 "	0 49	0 03	0 52	0 79	0 27	51·92	
22nd Nov. 1932.....	71 "	0 65	Included	0 65	0 98	0 33	50·77	
22nd Nov. 1932.....	50 "	0 33	"	0 33	0 49	0 16	48·48	
25th Feb. 1933.....	795 ⁷ / ₁₂ "	0 27	"	0 27	0 39	0 12	44·44	
28th Feb. 1933.....	297 "	0 27	"	0 27	0 39	0 12	44·44	
20th Jan. 1934.....	44 "	0 32	0 02	0 34	0 49	0 15	44·12	
26th Jan. 1934.....	26 "	0 32	0 02	0 34	0 49	0 15	44·12	
7th Nov. 1933.....	417 ¹ / ₂ "	0 46	0 03	0 49	0 69	0 20	40·82	
27th Nov. 1933.....	417 ¹ / ₂ "	0 46	0 03	0 49	0 69	0 20	40·82	
23rd Oct. 1933.....	295 ¹ / ₄ "	0 33	0 02	0 35	0 49	0 14	40·00	
20th Sept. 1933.....	125 "	0 75	Included	0 75	1 00	0 25	33·33	
19th Sept. 1933.....	18 ² / ₃ "	0 75	"	0 75	0 98	0 23	30·67	
6th Oct. 1933.....	30 "	0 49	0 03	0 52	0 67	0 15	28·85	

GENERAL NOTE:—For the year 1933 the gross profit of the Department as a whole, after stock write-downs, stock shortages, etc., was 40·16% on cost.

SPECIAL COMMITTEE

THE ROBERT SIMPSON COMPANY LIMITED
(Toronto Store)

DEPARTMENT 203—DRUGS—EXAMPLES OF PRICE SPREADS

Description	Invoice					Initial Mark-up		
	Date	Quantity	Unit Price	Sales Tax	Freight, Duty and Exchange	Total laid-down Cost	Initial Unit Selling Price	Per-centage to Cost
No. 217 Acetophen.....	1933 Nov	19 doz.....	per doz. \$1 69	\$ 0 10	\$ cts.	\$ cts.	\$ cts.	\$ cts.
No. 189 Acetophen Compound.....	1933 11 "	"	" " 0 99	0 06	1 79	4 20	2 41	134 64
Milk of Magnesia 50c. size.....	1933 40 "	"	" " 2 00	0 12	1 05	2 40	1 35	128 57
Bandages.....	1933 4 "	"	" " 4 23	(Incl.)	2 12	4 68	2 56	120 75
Milk of Magnesia, 25c. size.....	1933 16 "	"	" " 1 25	0 07	4 23	9 00	4 77	112 77
C.B. Quinine Tablets.....	1933 70 "	"	" " 1 50	(Incl.)	1 32	2 64	1 32	100 00
Caps.....	1933 48 "	"	" " 4 41	(Incl.)	1 50	3 00	1 50	100 00
A.B.S. & C.....	1933 24 "	"	" " 1 76	(Incl.)	5 13	10 20	5 07	98 83
Larvex Combinations.....	1933 10 "	"	" " 9 43	(Incl.)	1 76	3 48	1 72	97 73
Larvex—16 ounce.....	1933 40 "	"	" " 6 29	(Incl.)	9 43	18 00	8 57	90 88
Russian Oil.....	1933 92 gals.....	"	" " 1 18	(Incl.)	6 29	12 00	5 71	90 78
Toilet Cases.....	1933 51 "	"	" " 0 75	0 04	1 18	2 25	1 07	90 68
Cleaning Fluid.....	1933 5 doz.....	"	per doz. 6 54	(Incl.)	0 79	1 50	0 71	89 87
Cod Liver Extract.....	1933 54 "	"	" " 6 17	0 37	6 54	12 00	5 46	83 49
Aspirin Tablets (12's).....	1933 163 1/3 doz	"	" " 1 38	0 08	6 54	12 00	5 46	83 49
Shoes.....	1933 67 doz.....	"	" " 2 83	(Incl.)	1 46	2 64	1 18	80 82
Larvex—64 ounce.....	1933 3 "	"	" " 20 58	(Incl.)	3 30	5 88	2 58	78 18
Euthymol Tooth Paste.....	1933 7 "	"	" " 1 87	(Incl.)	20 58	36 00	15 42	74 93
Murine (De Luxe).....	1933 1/2 "	"	" " 8 82	(Incl.)	1 87	3 24	1 37	73 26
Murine (No. 100).....	1933 1 "	"	" " 7 06	(Incl.)	8 82	15 00	6 18	70 07
Aspirin Tablets (24's).....	1933 51 1/3 "	"	" " 2 61	0 16	7 06	12 00	4 94	69 97
Caps.....	1933 2 "	"	" " 10 20	(Incl.)	2 77	4 68	1 91	68 95
Toilet Cases.....	1933 126 "	"	" " 0 10	0 01	10 20	16 80	6 60	64 71
Murine (No. 60c).....	1933 28 doz.....	"	per doz 3 40	(Incl.)	0 11	0 18	0 07	63 64
Cedar Bags.....	1933 1,008 "	"	" " 0 13	(Incl.)	3 40	5 40	2 00	58 83
Aspirin (100's).....	1933 466 "	"	" " 0 62	0 04	0 26	0 39	0 13	50 00
Listerine (14 oz.).....	1933 3 doz.....	"	Bottle 8 51	(Incl.)	0 66	0 98	0 32	48 48
Listerine (7 oz.).....	1933 4 "	"	per doz. 4 50	(Incl.)	8 51	11 76	3 25	38 19
Listerine (3 oz.).....	1933 8 "	"	" " 2 36	(Incl.)	4 50	5 88	1 38	30 67
					2 36	3 00	0 64	27 12

General Note.—For the year 1933 the gross profit of this Department as a whole, after stock-write downs, stock shortages, etc., was 39.59 per cent.

Statement D-29.

THE ROBERT SIMPSON COMPANY LIMITED

(Toronto Store)

DEPARTMENT No. 204—TOILET GOODS

Examples of Price Spreads

Description	INVOICES					Initial Mark-up	
	Date	Quantity	Invoice Cost	Unit Cost, Freight, Duty and Exchange	Laid Down Cost	Initial Unit Selling Price	Initial Mark-up
			\$ cts.	\$ cts.	\$ cts.	\$ cts.	Percentage to Cost of Sales
Triple Compacts.....	20 Oct., 1933.	3 doz.	2 00 ea.	Incl.	2 00	5 00	% 150.00
Single Compacts.....	" "	2 doz.	1 25 ea.	"	1 25	3 00	1 75 140.00
Combs.....	29 Mar. 1933	4 gro.	12 50 gro.	"	12 50	27 36	14 86 118.88
Nail Brushes.....	"9 Mar. 1933	15 gro.	13 00 gr.	0 02	13 02	27 36	14 34 110.14
Ivory Clocks.....	14 Nov. 1933	1 doz.	11 61 doz.	Incl.	11 61	24 00	12 39 106.72
Tooth Brushes.....	14 Sept. 1933	5 gro.	18 00 gr.	"	18 00	36 00	18 00 100.00
Handbag Combs.....	5 Oct. 1933	100	1 00	"	1 00	2 00	1 00 100.00
Toothbrushes.....	7 Dec. 1933	24 doz.	0 24 ea.	0 02	0 26	0 50	0 54 92.30
Face Powder—Small.	24 Nov. 1933	149 doz.	2 50 doz.	Incl.	2 50	4 68	2 18 87.20
Vanities.....	13 Sept. 1933	60 doz.	3 68 doz.	2 76	6 44	12 00	5 56 86.34
Combs.....	31 Aug. 1933	2 doz.	10 29 doz.	7 61	17 90	23 00	15 10 84.36
Powder Boxes.....	29 Mar. 1933	2 gr.	15 00 gr.	Incl.	15 00	27 36	12 36 82.40
Eau de Cologne, 4 oz.	14 Mar. 1933	60 doz.	2 06 doz.	1 83	3 89	7 08	3 19 82.01
Cutex Travelling Sets.....	28 April 1933	30 doz.	0 49	Incl.	0 49	0 89	0 40 81.63
L. P. Vanities.....	17 Oct. 1933	12 doz.	3 25 doz.	2 73	5 98	10 68	4 70 78.60
Vanities.....	13 Sept. 1933	5 doz.	7 06 doz.	5 22	12 28	21 00	8 72 71.76
Assorted Celluloid Novelties	4 May 1933	5 gr.	48 00 gr.	36 53gr	84 53	141 12	86 94 66.94
Face Powder—Large	24 Nov. 1933	178 1/12 doz	5 00 doz.	Incl.	5 00	8 28	3 28 65.60
Vanities.....	31 Aug. 1933	3 doz.	17 64 doz.	13 00	30 64	48 00	17 36 56.66
Lipstick—Enamel.....	8 Mar. 1933	76	0 93	0 03	0 96	1 50	0 54 56.25
Cleansing Cream.....	" "	236	0 62	0 02	0 64	1 00	0 36 56.25
Hat Brushes.....	31 July 1933	24 3/4 doz.	3 00 doz.	Incl.	3 00	6 00	3 00 100.00
Brushes.....	" "	8 1/12 doz.	3 00 "	"	3 00	1 20	nil 50.
L'Aliment Perfume, 9 oz.	22 Nov. 1933	4	16 00	Incl.	16 00	24 00	8 00 50.00
Dub. Manicure Set	28 Sept. 1933	3/12 doz.	2 33 ea.	0 37	2 70	3 85	1 15 42.59
Dub. Kit.....	28 Sept. 1933	1/2 doz.	6 00 ea.	0 96	6 96	9 90	2 94 42.24
Led. Perfume.....	" "	7 1/2 "	1 00 ea.	0 16	1 16	1 65	0 49 42.24
Bath Salts.....	" "	6 doz.	0 67 ea.	0 11	0 78	1 10	0 32 41.03

THE ROBERT SIMPSON COMPANY LIMITED

(Toronto Store)

DEPARTMENT No. 204—TOILET GOODS

Examples of Price Spreads

SPECIAL COM

Description	INVOICES					Initial Unit Selling Price	Initial Mark-up		
	Date	Quantity	Invoice Cost	Unit Cost, Sales Tax, Freight, Duty and Exchange	Laid Down Cost		Amount	Percentage to Cost of Sales	
			\$	cts.	\$	cts.	\$	cts.	%
Fleurs Perfume.....	5 April 1933	1,440	0 49		0 49	0 59	0 10	20.41	
Special Men's Sets.....	11 Dec. 1933	943	0 50	Incl.	0 50	0 59	0 09	18.00	
Cuticura Soap.....	30 Sept. 1933	5 gr.	27.80 gr.	0 05	27 85	31 20	3 35	12.03	
Lifebuoy Soap.....	22 June 1933	220 cases	6 28 case	Incl.	6 28	7 00	0 72	11.46	
Sundry Face Powder.....	22 Nov. 1933	1,392	0 60	Incl.	0 60	0 65	0 05	8.33	
Italian Balm—Regular.....	30 Aug. 1933	180 doz.	0 21 ea.	0 03	0 24	0 26	0 02	8 33	

GENERAL NOTE.—For the year 1933 the gross profit of this department as a whole after stock write-downs, stock shortages, etc., was 41.76%.

STATEMENT No. MO-1

CATALOGUE

It N	Shipped to	N= Northern price S=Southern price	Gross Profit before freight Amount	Gross Profit after allowance for average freight		Gross Profit after allowance for actual freight	
				Amount	Percent- age to Cost	Amount	Percent- age to Cost
				\$ cts.	%	\$ cts.	%
	Timmins.....	N.	37 63	28 63	49.47	28 41	43.95
	Gaspe County. Que.	S.	53 02	48 02	55.21	46 32	52.23
	Kirkland Lake.....	N.	47 54	38 54	55.09	36 90	51.54
	Almonte, Ont.	N.	51 50	42 50	55.92	42 22	55.35
	Northfield Sta., Ont.	S.	3 05	2 30	46.46	2 11	41.05
	Timmins.....	N.	11 63	9 13	44.82	9 63	48.47
	Desbiens, Quebec...	S.	51 66	46 66	64.06	44 34	58.99
	Ellis, Ontario.....	N.	48 90	39 90	54.96	36 42	47.87
	Kirkland Lake, Ont.	N.	42 76	35 26	54.47	35 36	54.70
1	Barrie.....	S.	46 18	39 68	53.03	43 39	61.02
1	n this article to date)						
1	Sudbury, Ont.....	N.	35 68	28 18	50.94	32 15	62.61
1	Franktown, Ont. (near Smith's Falls).	S.	31 67	25 17	53.74	27 34	61.22
1	Hamilton, Ont.....	S.	26 05	21 05	60.23	21 77	63.54
1	Coe Hill, Ont.....	S.	5 61	4 61	58.43	4 57	57.63

ost (at Toronto).

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20.13
31.82

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18.85

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1934.

5th Jan.

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GENERAL NOTE.—For the year 1933 the gross profit of this Department as a whole, after write-downs, shortages, etc., was 32.24 p.c. on cost (at Toronto).

THE ROBERT SIMPSON COMPANY LIMITED
(Toronto Store)

Balance forward 1911 1000 00

THE ROBERT SIMPSON EASTERN LIMITED

EXAMPLES OF PRICE SPREADS ON ITEMS SELECTED FROM SPRING AND SUMMER 1934 CATALOGUE

Description	Catalogue Number	Simpson's Placing Order Quantity Ordered	Invoice		Unit Cost		Laid-Down Cost	Catalogue Selling Price	Initial Mark-up		Comparative Initial Mark-up on Invoices Examined at Regina
			Date	Quantity	Invoice Cost	Sales Tax and Freight			Amount	Per cent to Cost	
TORONTO MAIL ORDER DEPARTMENT No. 38—Boys' CLOTHING—											
Boys' Suits.....	125	60	17th Jan. 1934.	12	each 5 65	0 39	6 04	9 45	3 41	56.46	52.25
Boys' Suits.....	143	42	4th Jan. 1934.	4	6 40	0 44	6 84	9 98	3 14	45.90	

General Note:—For the year 1933 the gross profit of this Department as a whole, after write-downs, shortages, etc., was 34.96 p.c. on cost (at Toronto).

TORONTO MAIL ORDER DEPARTMENT No. 35—Men's CLOTHING—

					each					%	%
Two Pant Men's Suit.....	319	73	4th Jan. 1934.	12	8 30	0 50	8 80	13 98	5 18	58.86	54.70
Clayton Topcoats.....	336	66	13th Feb. 1934.	5	7 40	0 65	8 05	12 75	4 70	58.39	
Guard Topcoat.....	340	.....	9th Feb. 1934.	49	5 30	0 38	5 68	8 95	3 27	57.57	54.85
Two Pant Men's Suit.....	321	65	24th Jan. 1934.	34	6 00	0 39	6 39	9 95	3 56	55.71	
"	313	30	19th Feb. 1934.	7	11 20	0 70	11 90	18 50	6 60	55.46	53.40
"	311	107	21st Feb. 1934.	7	11 20	0 70	11 90	18 50	6 60	55.46	53.40
Men's Suit.....	317	34	4th Jan. 1934.	7	7 75	0 47	8 22	12 75	4 53	55.11	
Two Pant Men's Suit.....	325-327	60	10th Jan. 1934.	36	10 10	0 66	10 76	16 50	5 74	53.34	
Gabardine Top Coat.....	339	164	29th Mar. 1934.	17	6 50	0 41	6 91	10 50	3 59	51.95	51.20
Overalls.....	382	25½	24th Jan. 1934.	3	1 32	0 09	1 41	1 98	0 57	40.43	34.70
"	390	40	16th Jan. 1934.	7	1 29	0 08	1 37	1 89	0 52	37.96	
"	384	300	26th Dec. 1933.	24	0 82	.....	0 82	1 09	0 27	32.93	26.75
"	386	42½	5th Jan. 1934.	5	0 98	0 24	1 22	1 45	0 23	18.85	31.82

GENERAL NOTE:—For the year 1933 the gross profit of this Department as a whole, after write-downs, shortages, etc., was 32.24 p.c. on cost (at Toronto).

THE ROBERT SIMPSON EASTERN LIMITED

EXAMPLES OF PRICE SPREADS ON ITEMS SELECTED FROM SPRING AND SUMMER 1934 CATALOGUE

Description	Catalogue Number	Simpson's Placing Order Quantity Ordered	Invoice		Unit Cost		Laid-Down Cost	Catalogue Selling Price	Initial Mark-up		Comparative Initial Mark-up on Invoices Examined at Regina
			Date	Quantity	Invoice Cost	Sales Tax and Freight			Amount	Per cent to Cost	
TORONTO MAIL ORDER DEPARTMENT No. 39—MEN'S FURNISHINGS—											
Men's Shirts.....	112	Doz. 39	19th Jan. 1934.	6	each 0 54	Included	0 54	0 89	0 35	64.81	58.94
“.....	105	35	20th Jan. 1934.	7	0 55	“	0 55	0 87	0 32	58.18	54.11
“.....	103	23 ¹ / ₂	1st Jan. 1934.	10	0 62	“	0 62	0 98	0 36	58.06	55.04
“.....	100	21	23rd Jan. 1934.	3 ¹ / ₄	0 62	“	0 62	0 98	0 36	58.06	55.04
“.....	120	25 ³ / ₄	23rd Jan. 1934.	4 ¹ / ₄	0 50	“	0 50	0 79	0 29	58.00	
“.....	117	43 ¹ / ₂	23rd Jan. 1934.	3 ³ / ₄	0 64	“	0 64	1 00	0 36	56.25	64.18

GENERAL NOTE.—For the year 1933 the gross profit of this Department as a whole, after write-downs, shortages, etc., was 52.17 p.c. on cost (at Toronto).

THE ROBERT SIMPSON EASTERN LIMITED

(Toronto Mail Order Division—Shoe Departments)

STATEMENT No. MO-7

EXAMPLES OF PRICE SPREADS ON ITEMS SELECTED FROM SPRING AND SUMMER 1934 CATALOGUE

Description	Catalogue Number	Simpson's Placing Order Quantity Ordered	Date	Quantity	Invoices				Catalogue Selling Price	Initial Mark-up		Comparative Initial Mark-up Percentages on Invoices Examined at Regina
					Unit Cost					Amount	Per cent to Cost	
					Invoice Cost	Sales Tax	Freight	Laid Down Cost				
Pr.	1934	Pr.	\$ cts. per Pr.	cts. per Pr.	\$ cts. per Pr.	\$	cts.	%	%			
Ladies' Shoes.....	701	450	5th February.....	120	1 15	Included	0.08	2 29	1 06	86.18	.....
"	792	420	25th January.....	2	1 50	"	0.15	2 98	1 33	80.61	.....
"	718	540	25th January.....	2	1 50	"	0.15	2 98	1 33	80.61	74.27	
"	652	3,000	2nd August, 1933.....	119	0 40	"	0.03	0 75	0 32	74.42	.....
"	831	315	18th January.....	120	1 28	"	0.09	2 35	0 98	71.53	78.50	
"	737	690	19th February.....	118	1 10	"	0.24	2 29	0 95	70.90	46.72	
"	818	750	27th February.....	510	1 10	"	0.08	1 98	0 80	67.80	.....
"	767	240	10th, 11th and 13th January.....	90	1 10	"	0.08	1 98	0 80	67.80	.....
"	708	150	11th January.....	30	1 10	"	0.08	1 98	0 80	67.80	.....
"	703	600	19th and 22nd February.....	90	1 10	"	0.10	1 98	0 78	65.00	62.30	
"	750	780	22nd and 23rd January.....	2	1 90	"	0.27	3 25	1 08	49.77	82.03	
Men's Shoes.....	334	840	20th January.....	45	1 75	Included	0.17	3 65	1 73	90.10	.....
"	309	300	18th November, 1933.....	99	1 10	"	0.07	1 98	0 81	69.23	60.98	
"	346	600	26th January.....	180	1 60	"	0.13	2 89	1 16	67.05	.....
"	348	90	20th January.....	60	1 72	"	0.13	2 98	1 13	61.08	.....
"	356	210	13th January.....	30	1 70	"	0.17	2 99	1 12	59.89	69.27	
"	303	510	6th February.....	148	1 46	"	0.09	2 45	0 90	58.06	48.5	
"	316	810	6th November.....	133	1 08	"	0.07	1 15	0 64	55.65	.....
"	345	360	21st October, 1932.....	180	1 60	"	0.13	2 59	0 86	49.91	.....
"	335	2,400	9th February.....	300	1 35	"	0.12	1 98	0 51	34.69	49.67	
Rubber Boots.....	161	12	24th February.....	12	1 35	Included	.....	2 49	1 14	84.44	54.97
Boys' Rubbers.....	154	12	24th February.....	12	0 52	"	.....	0 83	0 31	59.61	.....
Women's Overshoes.....	146	12	24th February.....	12	1 03	"	.....	1 55	0 52	50.49	.....
Women's Rubbers.....	134	25	24th February.....	25	0 47	"	.....	0 65	0 18	38.30	.....
Men's Rubbers.....	153	9	24th February.....	9	0 63	"	.....	0 85	0 22	34.92	.....
Women's Rubbers.....	133	25	24th February.....	25	0 47	"	.....	0 59	0 12	25.53	28.57

GENERAL NOTE:—For the year ended 4th January 1934 the gross profit of each of these Departments, as a whole, after stock write-downs, stock shortages, etc., was as follows:—

	Toronto Branch	Regina Branch
Department Number 40.....	55.69% on cost	49.31% on cost
Department Number 42.....	60.54% on cost	55.56% on cost
Department Number 44.....	55.66% on cost	48.08% on cost

THE ROBERT SIMPSON EASTERN LIMITED

EXAMPLES OF PRICE SPREADS ON ITEMS SELECTED FROM SPRING AND SUMMER 1934 CATALOGUE—TORONTO MAIL ORDER DEPARTMENT No. 17—DRESSES

SPECIAL COMMITTEE

Description	Simpson's Placing Order			Invoices				Catalogue Selling Price		Initial Mark-up		Com- parative initial mark-up percentage on invoices examined at Regina
	Catalogue Number	Quantity on Order	Date	Quantity	Unit Cost			Amount	Per- cent- age to Cost			
					Invoice Cost	Sales Tax and Freight	Laid Down Cost					
Ladies' Dresses—Crepe Velva.....	288	124	Feb. 7, 1934...	9	\$ cts. each	\$ cts. each	\$ cts. each	\$ cts.	%	%		
" "—Print.....	223	360	Feb. 28, 1934...	35	4 25	0 26	4 51	3 44	76.27	71.28		
" "—Voile.....	171	300	Jan. 24, 1934...	30	1 63	0 05	0 85	0 64	75.59	71.27		
Misses' Dresses—Broadcloth.....	156	50	Dec. 23, 1933...	25	5 75	0 36	6 11	4 39	71.85			
" "—Crepe.....	330	350	Mar. 7, 1934...	30	1 04	0 06	1 10	0 78	70.91			
Ladies' Dresses—Crepe Velva.....	145	100	Jan. 13, 1934...	13	4 30	0 26	4 56	3 19	69.96			
" "—Cotton Taffeta.....	251	118	Jan. 31, 1934...	5	3 75	0 23	3 98	2 77	69.59			
" "—Crepe.....	297	123	Jan. 31, 1934...	19	2 45	0 05	0 88	0 61	69.32			
Misses' Dresses—Crepe.....	205	148	Feb. 28, 1934...	10	3 90	0 23	4 13	2 82	68.85			
Ladies' Dresses—Crepe.....	127	160	Feb. 1, 1934...	23	2 80	0 17	2 97	2 01	68.28			
" "— ".....	179	230	Mar. 7, 1934...	8	3 00	0 16	3 16	2 13	67.68	66.0		
" "— ".....	303	124	Jan. 30, 1934...	30	4 50	0 27	4 77	3 11	67.41	68.4		
" "— ".....	309	350	Mar. 16, 1934...	21	2 35	0 14	2 49	3 11	65.20	57.94		

GENERAL NOTE:—For the year 1933 the gross profit of this department as a whole after write-downs, shortages, etc., was 26.1% on cost (at Toronto).

TORONTO MAIL ORDER DEPARTMENT No. 25—CHILDREN'S DRESSES, LADIES' SUITS AND BLOUSES

Ladies' Suits.....	105	300	Jan. 6, 1934.....	131	\$ cts. each	\$ cts. each	\$ cts. each	\$ cts.	%	%
Ladies' Blouses.....	160	360	Dec. 27, 1933.....	123	2 75	—	2 75	2 20	80.00	77.86
Ladies' Suits.....	100	165	Jan. 2, 1934.....	66	0 80	0 04	0 84	0 61	72.62	73.26
					5 75	0 39	6 14	3 81	62.05	60.75

GENERAL NOTE:—For the year 1933 the gross profit of this department as a whole after write-downs, shortages, etc., was 47.92% on cost (at Toronto).

TORONTO MAIL ORDER DEPARTMENT No. 27—WOMEN'S HOUSE DRESSES

	Doz.	Jan.	23, 1934...	Doz.	\$ cts. each	\$ cts. Included	\$ cts. each	\$ cts. each	\$ cts. each	\$ cts.	%	%
House Dresses.....	112-3-4	83	Jan.	20	0 67	Included	0 67	1 19	0 52	77.61	77.61	84.22
"	143-4-5	70	Feb.	18 $\frac{1}{2}$	0 94	"	0 94	1 65	0 71	75.53	75.53	84.22
"	146-7-8	99	Feb.	19 $\frac{1}{2}$	0 68	"	0 68	1 19	0 51	75.00	75.00	70.00
"	167 8-9	180	Feb.	14	0 57	"	0 57	0 98	0 41	71.93	71.93	77.37
"	173-4-5	125	Jan.	50	0 52	"	0 52	0 88	0 36	69.23	69.23	77.37
"	187-8-9	95	Dec.	40	0 60	"	0 60	1 00	0 40	66.66	66.66	47.07
"	122-3-4	145	Jan.	57	0 67	"	0 67	1 00	0 33	49.25	49.25	47.07
"	216-7-8	105	Feb.	28	0 67	"	0 67	1 00	0 33	49.25	49.25	47.07

GENERAL NOTE:—For the year 1933 the gross profit of this department as a whole after write-downs, shortages, etc., was 39.9% on cost (at Toronto).

TORONTO MAIL ORDER DEPARTMENT No. 24—WHITEWEAR

	Doz.	Jan.	6, 1934..	Doz.	\$ cts. each	\$ cts. each	\$ cts. each	\$ cts. each	\$ cts. each	\$ cts.	%	%
Ladies' Smocks.....	175	37	Jan.	16 $\frac{1}{2}$	0 52	0 04	0 56	0 95	0 39	69.64	69.64	71.93
"	165	30	Jan.	9	0 88	0 06	0 94	1 57	0 63	67.02	67.02	69.53
"	173	59	Jan.	26 $\frac{1}{2}$	0 48	0 04	0 52	0 85	0 33	63.46	63.46	69.53
"	182	30	Jan.	18	0 58	0 04	0 62	0 95	0 33	53.23	53.23	48.49

GENERAL NOTE:—For the year 1933 the gross profit of this department as a whole after write-downs, shortages, etc., was 39.4% on cost (at Toronto).

THE ROBERT SIMPSON EASTERN LIMITED

Toronto Mail Order Department No. 28—Ladies' Underwear

EXAMPLES OF PRICE SPREADS ON ITEMS SELECTED FROM SPRING AND SUMMER 1934 CATALOGUE

Description	Simpson's Placing Order			Invoices				Catalogue Selling Price	Initial Mark-up		Com- parative initial mark-up percentage on invoices examined at Regina
	Catalogue Number	Quantity on Order	Date	Quantity	Unit Cost				Amount	Per- cent- age to Cost	
					Invoice Cost	Sales Tax and Freight	Laid Down Cost				
		doz.		doz.	each	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%	%
Vests.....	28-121	15	17th Feb. 1934.	15	0 34	Included	0 34	0 59	0 25	73.53	63.59
Rayon Bloomers.....	28-152	100	20th Feb. 1934.	4	0 34	"	0 34	0 59	0 25	73.53	70.75
Rayon Bloomers and Vests.....	28-158-9	6	16th Mar. 1934.	6	0 20	"	0 20	0 33	0 13	65.00	
Glove Silk Panties.....	28-165	15	19th Dec. 1933.	7½	0 53	"	0 53	0 87	0 34	64.15	
Rayon Bloomers.....	28-124	40	19th Dec. 1933.	13½	0 36	"	0 36	0 59	0 23	63.88	
Vests.....	28-160	32	26th Dec. 1933.	6½	0 29	\$	0 31	0 50	0 19	61.29	
Bloomers.....	28-161	49	26th Dec. 1933.	23½	0 30	0 02	0 32	0 50	0 18	56.25	
Lace Trimmed Panties.....	28-125	30	19th Dec. 1933.	10	0 25	Included	0 25	0 39	0 14	56.00	
Balbriggan Bloomers.....	28-123	200	19th Feb. 1934.	25	0 24	"	0 24	0 37	0 13	54.17	
Balbriggan Bloomers.....	28-143	195	30th Jan. 1934.	46	0 16	0 01	0 17	0 25	0 08	47.06	57.14
Watson Vest.....	28-437	205	21st Mar. 1934.	50	0 20	Included	0 20	(2 for 50c.) 0 29	0 09	45.00	40.48

GENERAL NOTE:—For the year 1933 the gross profit of this department as a whole after write-downs, shortages, etc., was 47.83% on cost (at Toronto).

STATEMENT No. MO-19

THE ROBERT SIMPSON EASTERN LIMITED

Toronto Mail Order Department No. 16—Hosiery

EXAMPLES OF PRICE SPREADS ON ITEMS SELECTED FROM SPRING AND SUMMER 1934 CATALOGUE

[illegible]

(GENERAL NOTE:—For the year 1933, the gross profit of this department after write-downs, shortages, etc., was 45·14% on cost (at Toronto).)

By Mr. Sommerville:

Q. Now then, you purpose dealing with these sample departments. The first department is the furniture; second, men's clothing department; third, ladies' dress and coat department; fourth, boys' clothing; fifth, shoe department; sixth, men's shirts; seventh, paints and wallpapers; eighth, knitted underwear; ninth, drugs and toilets; and ten, groceries and provisions?—A. Yes.

Q. Now, if you will just proceed, but speak a little louder, Mr. Adamson, if you please?—A. Department 401 handles the bulk of the furniture sold by the Toronto store and is situated on the fifth floor. It has a much larger volume than any other department of the store and covers an area of more than 55,000 square feet.

Merchandise handled falls into three general classifications:—

1. "Case goods"—dining room and bedroom suites, breakfast sets, desks, tables, bookcases and some ice refrigerators.
2. Upholstered furniture—living room suites.
3. Bedding, mattresses, springs—and studio couches.

Buying Policy:

There are two large furniture sales a year—one in February and the other in August. Case goods required for these sales or those made to the company's own specifications are mostly ordered in quantities, the orders being given in the spring and fall, three to six months before delivery is required. A separate warehouse is maintained in which the reserve stock is stored until required.

Q. That is, stuff that is not taken from the manufacturer, if the manufacturer as a term of the bargain has to store it, it remains with the manufacturer?—A. No, that is the warehouse that is maintained by the company itself.

Q. There is a furniture warehouse maintained by them?—A. Yes.

Q. But did you not find, as intimated to us by the furniture manufacturers, that a great deal of the stock is kept on their premises until actually required?—A. In the case of the mail order all the furniture is ordered that way.

Q. In the case of the mail order all the furniture is kept by the manufacturer and shipped direct from the manufacturer to the customer?—A. Yes, and in the case of the upholstered furniture it is ordered only one suite at a time.

Q. That is, upholstered furniture is ordered only one suite at a time from the manufacturers?—A. Yes.

Q. As sold?—A. Yes.

Q. There being a sample suite on the floor of the department?—A. That is right.

Q. And that being the only one maintained there?—A. Yes.

By Mr. Factor:

Q. What do you mean by "case goods"?—A. Dining room and bedroom suites, breakfast sets, desks, tables, bookcases and some ice refrigerators.

By Mr. Sommerville:

Q. As opposed to upholstered, I suppose, is the best explanation for it?—A. Right.

Q. Will you just proceed then, Mr. Adamson?—A. Upholstered furniture and bedding, however, are only ordered in small lots as required, sales being made from samples on the floor. While the samples are purchased from the company, in the case of bedding the manufacturers usually replace samples when they become soiled.

Q. Why should they do that? Is that the result of some special bargain that was made?—A. Yes.

Q. When the samples were soiled at a clearance sale then they were allowed something by the manufacturer?—A. Yes.

Q. Sometime after they had already bought and paid for the goods?—
A. Yes.

By Mr. Factor:

Q. Were these samples sold below cost, or what is the usual procedure?—A. They are sold at substantially less than the regular selling cost.

By Mr. Sommerville:

Q. Less than the mark-up, in any event?—A. Yes.

Q. And then the manufacturer made a special allowance?—A. Yes.

By Mr. Heaps:

Q. How many samples were there sold in that way?—A. Oh, a great number. I cannot give you the number.

By Mr. Senn:

Q. Were the manufacturers required to lose all the mark-down do you know, or just a part of it?—A. Just a part of it. I have not the details of each transaction.

By Mr. Sommerville:

Q. It would depend upon the amount of the allowance made by the manufacturer as to the portion of the loss which he had to take?—A. Yes. For the department as a whole, stock is turned over six or seven times a year.

Q. That is, the entire furniture stock of the company is turned over six or seven times a year?—A. Yes.

Q. About every two months in any event?—A. Yes. The merchandise inventory has been reduced very substantially during the past five years, from \$571,500 in February, 1929, to \$199,400 in January, 1934.

Examples of Purchases:

On statement D-1 attached are listed 85 typical larger purchases of the year 1933, arranged in order of their initial mark-up. In so far as case goods are concerned, they were chosen by reference to the purchase orders. There were, of course, no large orders for upholstered furniture and bedding, due to the policy of ordering only after sales have been made, so the examples of these were chosen from advertised merchandise. The orders included in this list represent about 17 per cent of the total purchases during the year.

Q. Then they are very representative of the whole range?—A. Yes, of the larger purchases.

Q. And indicate the general practice with respect to mark-ups in those departments over a wide range of goods?—A. Yes, of the larger purchases.

And it will be noted that the majority of these mark-ups are between 40 per cent and 60 per cent, summarized as follows:—

Percentage on Cost	Case	Up- holstered Furniture	Bedding	Total
80 p.c. and over.....	1	0	0	1
70 p.c. to 79.9 p.c.....	6	1	0	7
60 p.c. to 69.9 p.c.....	22	3	0	25
50 p.c. to 59.9 p.c.....	29	2	1	32
40 p.c. to 49.9 p.c.....	8	0	4	12
30 p.c. to 39.9 p.c.....	4	2	2	8
	70	8	7	85

The average of these mark-ups is 55·2 per cent and that for the department as a whole in 1933 was 50·3 per cent after eliminating buying expense.

These are initial mark-ups, not necessarily those actually realized, which may be less due to price reductions and employees' discounts.

These write-downs amounted to 3·6 per cent of cost of sales in 1933, and in the ten-year period have ranged from 3·6 per cent to 4·3 per cent. There is only one selling price to the public; terms of ten months are available at no extra cost through the "Home Lovers' Club," a store department.

Q. Those write-downs include all the reductions in price from the original mark-up?—A. Yes.

Q. And over the ten-year period they have never exceeded 4·3 per cent?—A. That is right.

Q. And last year amounted to 3·6 per cent of the cost of the sales?—A. Yes, that is the average. The individual write-downs may be averaged larger.

Q. But that is the average?—A. Yes, that is the average.

Comparative Operating Statement:

On Statement D-2 is submitted the comparative results of operations for the ten years, 1924 to 1933 inclusive. This statement was prepared from the statistical records of the company and accordingly:—

1. Cost of goods includes buying expense of approximately one per cent.
2. Expenses include certain charges made to the department (such as rent, interest on stock) which, to some extent, are not expenses to the organization, being offset by a credit in the profit and loss account of the company or of Simpsons Limited (the holding company).

It will be noted that sales increased from \$2,039,000 in 1924 to \$2,744,700 in 1929. There is a slight decrease in 1930, and then a very rapid decrease in the next three years to \$1,424,700 in 1933. (Note the 1932 figures are for eleven months only.) The gross profit has increased from 39·7 per cent in 1930 to 43·7 per cent in 1933, an increase of 10·1 per cent and to some extent this has offset the declining sales volume.

Q. That is to say, on your furniture sales when the volume of sales declined the gross profit did not decline proportionately?—A. That is right.

Q. But on the contrary there was an increase of 10·1 per cent in the gross profit from 1930 to 1933?—A. The increase is 10 per cent. There is no increase of 10 per cent in the gross profit percentages.

Q. Then the increase is 10 per cent from 1930 to 1933?—A. Yes.

Q. And that is reflected in an increased mark-up of goods during these last three years?—A. Yes.

Mr. HEAPS: Was it an increased mark-up? It might have been a decrease in the cost of the goods.

Mr. SOMMERVILLE: A decrease in the cost of the goods would not make any difference. This is gross profit.

Mr. ILSLEY: Not gross aggregate.

The WITNESS: Not in dollars, it is percentage.

By Mr. Heaps:

Q. Was the spread greater in these years?—A. Yes.

Q. The spread in price was greater?—A. Yes.

Q. How is that accounted for?

Mr. SOMMERVILLE: By a 10 per cent increase.

By Mr. Heaps:

Q. If the spread is greater it does not necessarily follow that the selling price was greater.—A. The percentage of gross profit is greater in 1933 than it was in 1930.

Mr. HEAPS: Could it not be accounted for by a reduced price from the wholesaler?

Mr. SOMMERVILLE: No.

Mr. ILSLEY: There is no explanation but an increased mark-up so far as I can see.

The CHAIRMAN: I think Mr. Adamson and Mr. Heaps are not thinking of the same thing. The thought Mr. Heaps expressed was in my own mind. The cost of these goods and the sale price of these goods might have—and I think in fact—did drop between 1930 and 1933?

The WITNESS: Yes.

By the Chairman:

Q. Therefore, if there was a wider spread between the cost and the sale price it might in substantial portion be accounted for by a much lower proportion of cost to the manufacturer?—A. That is right.

The CHAIRMAN: That is the point, Mr. Heaps. That is right, is it not?

Mr. FACTOR: Well, is it? That is very important.

The CHAIRMAN: A lower price paid to the manufacturer.

By the Chairman:

Q. Mr. Adamson, can you give us an example of just what you mean? —A. The cost of the goods has fallen in greater proportion than the selling price.

The CHAIRMAN: Why, of course. It is the very point that Mr. Heaps wants to get at.

Mr. YOUNG: What about the net profit? The gross profit you say is greater.

Mr. SOMMERVILLE: We will come to that.

By Mr. Factor:

Q. Is it Mr. Adamson's contention now that the reason that 10 per cent increase was in the gross profit is because the proportion of the cost was reduced greater than the selling price?—A. Yes.

By Mr. Sommerville:

Q. In other words, there was not the same amount of reduction passed on to the public as previously?—A. That is right.

Mr. ILSLEY: There was an increased percentage of mark-up.

Mr. HEAPS: The mark-up may have been the same but the cost of the goods may have been less.

The CHAIRMAN: They were without doubt. We will demonstrate that.

The WITNESS: The increase in sales volume of the period 1924 to 1929 was accompanied by a proportionate increase in expense. From 1930 to date expenses have fallen rapidly, but not so rapidly as sales, so that in 1933 when the dollar value of sales was 48.1 per cent less than in 1929, expenses (which did not reach their peak until 1930) were only 25.7 per cent less.

Operating Statement 1933:

Statement D-3 attached shows the results of operations for 1933 after eliminating buying expense from gross profit and segregating expenses as to:

- 1. The direct expenses of the department;
- 2. General store expenses and other charges apportioned to the department;
- 3. Interest on the investment.

From this statement it will be seen that, of the net loss of \$99,663 for the year, \$83,109 represents interest on the investment charged to the department.

By Mr. Sommerville:

Q. The charges to the department includes \$83,000 of interest, and include \$68,317 for building maintenance, taxes and insurance?—A. Yes.

Q. And include \$24,000 depreciation on buildings and equipment?—A. Yes.

Q. A total of upwards of \$175,000 charged to that department?—A. Yes.

Q. By way of rental or interest?—A. Yes.

Q. And on the basis of that charge the department would show a loss of operation on the year?—A. Yes.

Q. But these charges would all be reflected in the profit and loss statement of the company?—A. The interest will.

Q. The interest, while the contribution towards building maintenance would be reflected— —A. It is a proportion of the actual building maintenance of the store as a whole.

Q. It would be a contribution towards that from this department?—A. Yes.

Q. So also depreciation would be a contribution towards reserves?—A. Yes.

Q. This is one of the cases where a department might need money and yet the company make money on the department?—A. Yes.

Mr. YOUNG: Can you tell us if the selling costs were not reduced in proportion to the cost of the goods?

Mr. SOMMERVILLE: I think the financing we heard of yesterday may have some bearing on that.

Mr. YOUNG: Did they keep the same staff on selling less goods?

The WITNESS: That is dealt with under the question of wages.

Principal Suppliers:

The principal suppliers during 1933 are listed below together with the volume of purchases and the average initial mark-ups. These initial mark-ups were obtained by an analysis of their purchases during eleven representative weeks between 1st May, 1933 and 31st January, 1934.

Name	Purchases in 1933	Initial mark-up percentage to cost
	\$	%
<i>Class 1—Case Goods—</i>		
A Quebec firm.....	58,300	50.5
An Ontario firm.....	52,400	57.6
“ “	50,200	62.5
“ “	40,000	56.0
<i>Class 2—Upholstery—</i>		
An Ontario firm.....	137,200	46.6
“ “	39,200	47.1
<i>Class 3—Bedding—</i>		
An Ontario firm.....	107,500	49.6
“ “	57,000	47.6
“ “	43,700	47.1
	585,500	Average 54.1

Purchases from these nine suppliers constitute about 60 per cent of the total purchases of the department.

By Mr. Factor:

Q. Is that laid down costs?

Mr. SOMMERVILLE: Yes, it was on laid-down cost. Mark-ups are on a laid down cost.

The WITNESS: Dealing with case goods.

Q. You will observe that upholstery bears a smaller mark-up than case goods?—A. Yes.

Q. That is, generally, throughout the department?—A. Yes.

Q. Bedding also bears a smaller mark-up?—A. Yes.

Q. Than case goods?—A. Yes.

Q. That being so, these smaller mark-ups on upholstery and bedding would affect the average, and reduce the average of the mark-up on the case goods?—A. Yes.

Q. Will you continue?—A. Yes.

Advertising Allowances: Advertising allowances were received from upholstery and three bedding manufacturers, the amount being \$3,834.71.

This department does not handle consignment stocks.

Q. At this point, if you will turn to Statement D-1, we find that you have on it examples of price spreads on representative larger purchase orders of furniture in the period from 1st January, 1933, to 31st March, 1934?—A. Yes.

Q. The first item is the one you referred to, some sewing cabinets?—A. Being a clearance line.

Q. A clearance line at a 40 per cent discount, and the mark-up is 101 per cent?—A. Yes.

Q. The second item is a walnut tea waggon, bought in the regular way, bought at what?—A. Laid down unit cost \$18.26; initial unit selling price, \$31.75, a mark-up of 73.88 per cent.

Q. The next also refers to the clearance line of sewing cabinets?—A. Total laid down cost, \$4.81; initial unit selling price, \$7.25; a mark-up of 73.44 per cent.

Q. Take next 40 3-piece bedroom suites?—A. Laid down unit cost, \$51.10; initial unit selling price, \$88.50; a mark-up of 73.18 per cent.

Q. What is the next one?—A. 50 9-piece dining room suites, laid down unit cost \$68.53; initial unit selling price, \$117.75; a mark-up of 71.82 per cent.

Q. What is the next one?—A. The next is 30 4-piece bedroom suites, laid down unit cost \$86.53; initial unit selling price, \$148; a mark-up of 71.04 per cent.

Q. Then, a 6-piece breakfast set made in Quebec?—A. 100; unit laid down cost, \$17.60; initial unit selling price, \$29.75; a mark-up of 69.03 per cent.

Q. Yes?—A. Another item of 250 5-piece breakfast sets, laid down unit cost, \$10.20; initial selling price, \$16.95; a mark-up of 66.18 per cent.

Q. Yes?—A. 45 3-piece bedroom suites, laid down unit cost, \$30.71; initial unit selling price, \$50.35; a mark-up of 63.95 per cent.

Q. Now, take some lower down on the page. Here is a 4-piece bedroom suite, 40 of them, from Preston?—A. Laid down unit cost, \$75.06; initial unit selling price, \$131.65; a mark-up of 62.07 per cent.

Q. What is the next item?—A. 100 desks, laid down unit cost, \$17; initial unit selling price, \$27.50; a mark-up of 61.76 per cent.

Q. And the next item?—A. A quantity of 6 5-piece bedroom suites, laid down unit cost, \$91.44; initial unit selling price, \$147.80; a mark-up of 61.64 per cent.

Q. Yes?—A. 100 bookcases, laid down unit cost, \$7.78; initial unit selling price, \$12.45; a mark-up of 60.02 per cent.

Q. Yes?—A. Another item of 36 dining room suites.

Q. 36 9-piece dining room suites?—A. Yes. Total laid down unit cost, \$98.01; initial unit selling price, \$155; a mark-up of 58·15 per cent.

Q. Yes?—A. 50 9-piece dining room suites, total laid down unit cost, \$89.67; initial unit selling price, \$141.50; a mark-up of 57·80 per cent.

Q. Yes?—A. 125 4-piece bedroom suites, total laid down unit cost, \$32.96; initial unit selling price, \$50.95; a mark-up of 54·58 per cent.

Q. Yes?—A. 24 4-piece bedroom suites, laid down unit cost, \$77.96; initial unit selling price, \$119.65; a mark-up of 53·48 per cent.

Q. Now let us see some of the smaller ones?—A. 200 wardrobes.

Q. From Stratford?—A. Laid down unit cost, \$12.06; initial unit selling price, \$16.95; a mark-up of 40·55 per cent.

Mr. KENNEDY (*Peace River*): With regard to Stratford and these mark-ups, is not that the evidence of the mayor of Stratford?

The CHAIRMAN: There is evidence of that.

Mr. KENNEDY (*Peace River*): That they were selling for less than cost?

Mr. SOMMERVILLE: Manufacturers costs, some of them, yes. He produced some advertisements showing that they were sold for less than cost. The particular wardrobe referred to was made in Quebec, he said.

Mr. ILSLEY: This does not bear that out.

Mr. SOMMERVILLE: There are different types of wardrobes.

Mr. FACTOR: You mean the manufacturers sold for less than cost?

Mr. SOMMERVILLE: They were sold by the retailer at less than cost of manufacture in Stratford. We will have a number of cases where these are followed back through to the manufacturer. You will find that the report from the investigator in the furniture industry will show what the picture is for the manufacturing establishment, on these definite pieces of furniture.

Mr. ILSLEY: My only point now is: Does this not show that there has been a very substantial mark-up on every individual shipment of furniture from the manufacturers?

The WITNESS: Yes.

The CHAIRMAN: Quite so; but the point is that the following back to the manufacturer is carried out under a different operation.

Mr. ILSLEY: I admit that may show that the manufacturer was compelled to sell at less than his cost.

The CHAIRMAN: That is the point.

Mr. ILSLEY: But the loss leader complaint is not borne out by this.

The WITNESS: Not in furniture, no.

By Mr. Ilsley:

Q. But control is shown?—A. Yes.

Mr. HEAPS: The spread on all these articles seems to be uniform irrespective of the price paid to the manufacturer.

Mr. SOMMERVILLE: Well, no, it is not uniform, but it is substantial.

Mr. HEAPS: With the exception of the one at the beginning, the average seems to be pretty well maintained.

Mr. ILSLEY: Running from 30 per cent to 100 per cent; that is not uniform.

Mr. HEAPS: One item. Of course that might be explained on account of being bankrupt stock.

The CHAIRMAN: It is between 30 and 60 per cent.

By Mr. Sommerville:

Q. The maintained average of the department was around 50 per cent?—

A. Yes.

Q. The actual mark-up maintained in the department over the year?—

A. Yes.

Mr. HEAPS: Is there anything to show that the mark-up is higher on these particular items you refer to?

Mr. SOMMERVILLE: I think you will find there will be some very interesting information, that whereas the mark-up will represent profits of 50 per cent, the cost to the manufacturer on a great deal of the stuff has been less.

Mr. FACTOR: Let us wait until we get the evidence.

Mr. SOMMERVILLE: Yes.

Mr. ILSLEY: We can identify the individual shipments that are dealt with here?

The CHAIRMAN: Absolutely.

Mr. SOMMERVILLE: Yes, we will have definite identification of a series of cases and the figures submitted.

Mr. YOUNG: Is somebody coming here from Simpsons to explain these differences in the mark-ups?

Mr. SOMMERVILLE: They will be given every opportunity to do so.

Mr. YOUNG: Is this man who is investigating the furniture factories coming here also?

Mr. SOMMERVILLE: Yes.

By Mr. Factor:

Q. There is one question I would like to ask. Do these mark-ups reflect also the furniture that is sold on Simpson day and sales, or is that the regular stock that is sold?—A. Some of them were sold at sales. Furniture sales are held twice a year, and some of this does represent furniture bought for the sales.

Q. Take in the volume showing mark-ups between 30 and 60 per cent; that would include items of furniture that were sold at these sales?—A. Yes.

Mr. SOMMERVILLE: Well, the quantities will probably give evidence of that. You will find 250 breakfast sets, 100 bedroom suites, 125 dining room suites.

Mr. KENNEDY (*Peace River*): Is the practice to put on special prices or lower prices for these special sales, or is it simply big advertising stuff?

Mr. SOMMERVILLE: The February and August sales must reflect these initial mark-ups, because these are carried through all the whole, and represent such a very large proportion of the purchases.

The WITNESS: Yes.

Mr. FACTOR: That is the point. There is an initial mark-up. If the sale takes place in February, the sale price is below this initial mark-up, is it not?

The WITNESS: In some cases.

By Mr. Ilsley:

Q. The average is very little?—A. Yes.

Q. It has never exceeded 4.3 per cent in ten years?—A. A great deal of this is bought especially for the sales, and the initial mark-up percentage is the actual selling price.

Mr. SOMMERVILLE: That is the point.

By Mr. Factor:

Q. What I want to get at is this: I have seen advertised bedroom suites, regular \$200, for \$100, a half-price sale. I have seen them advertised. If that bedroom suite is sold for \$100, is the initial mark-up reflected in here? Or in other words, is that sale price \$100?—A. If there were any of these items which were reduced subsequent to the time that the purchase was made, it would not be shown on here. This is the initial mark-up.

By Mr. Sommerville:

Q. The mark-up which is made for the sales you describe?—A. Yes.

Q. You have taken a general survey of the purchases that were made for the February and August sales?—A. Yes.

Q. Covering all kinds of case goods?—A. Yes.

Mr. SOMMERVILLE: We will have a good many examples of the kind of thing you are referring to, Mr. Factor, from the report of the furniture man.

Mr. KENNEDY (*Peace River*): Would that be like Regina, 200 per cent?

Mr. SOMMERVILLE: Well, I don't think so, no. I don't think we can compare it with Regina.

The CHAIRMAN: All right, let us get on.

By Mr. Sommerville:

Q. That fairly represents the actual situation with respect to furniture, with case goods?—A. Yes.

By Mr. Factor:

Q. Might I just ask one question. I just want to get this clear in my mind. What does the term "initial mark-up" mean?—A. It is the selling price which is set when the furniture or any other article first comes into the store.

Mr. SOMMERVILLE: When it is put on the floor.

By Mr. Factor:

Q. When it is purchased?—A. The first selling price. They may subsequently reduce it, but that is the selling price that is set at the time. It is the selling price which is indicated on the invoice.

Q. If the item is subsequently reduced, this initial mark-up does not show the spread between the cost price and selling price?—A. No.

By Mr. Sommerville:

Q. No, but over the ten year period, all the write-downs only represent an average of 4·3 per cent?—Q. Yes.

Mr. ILSLEY: Less than that.

By Mr. Sommerville:

Q. Less than 4·3 per cent; and last year, 3·6 per cent?—A. 3·6 per cent.

Q. Now, on the question of upholstery; here is where you get not quantity buying, but individual cases.

The CHAIRMAN: Mr. Heaps knows about this.

Mr. HEAPS: This is my specialty

By Mr. Sommerville:

Q. Now, let us take upholstered furniture?—A. 1 set purchased for \$45.05; initial unit selling price, \$77; a mark-up of 70·92 per cent. Another set, with a low mark-up, laid down cost, \$41; initial unit selling price, \$55.95, a mark-up of 36·46 per cent.

Q. That is the lowest?—A. Yes.

Q. And these are bought from the samples on the floor?—A. Yes.

Q. And orders are sent into the factory as they are sold?—A. As they are sold.

By Mr. Young:

Q. Is there a constant stream?—A. Yes.

Q. Sufficient to keep the staff going all the time in the factory?—A. I would not say that. I don't know that.

Q. It would have the same effect in the factory. These orders coming in would have the same effect or perhaps better than if there were just one big order at the beginning of the season?—A. Well, the factory would have to have a certain stock on hand in order to ship as they required. They don't make up each set individually.

Q. A constant stream of orders flowing into the factory would keep it running steadily, perhaps better than a big order at the beginning of the season, a large one, and no more coming in for another six months?—A. I think that has something to do with the facts I have mentioned.

By Mr. Sommerville:

Q. Then, with reference to bedding, and the examples you have illustrated, take the first one?—A. Springs?

Q. Yes, springs?—A. Laid down cost, \$2.59; initial unit selling price, \$3.95; a mark-up of 52.51 per cent.

Q. And the next item?—A. Springs again, laid down unit cost, \$4.50; initial unit selling price, \$6.65; a mark-up of 47.78 per cent.

Q. Here are some expensive mattresses, Peerless mattresses?—A. Unit laid down cost, \$10.33; initial unit selling price, \$14.75; a mark-up of 42.79 per cent.

Q. Take the last item, springs?—A. Laid down unit cost, \$4.50; initial unit selling price, \$6.15; initial mark-up percentage to cost, 36.67 per cent.

Q. I see you have made a general note on sheet D-1 that for the year 1933 the initial mark-up for this department as a whole was 50 per cent on cost, and the gross profit of the department as a whole, after write-downs, shortages, etc., was 44 per cent on cost?—A. Yes.

Q. That covers all instances connected with shortages?—A. Write-downs, yes.

Q. Then, passing to the second item, men's overcoats, will you proceed with that?—A. This men's clothing department is dealt with in one memorandum.

Q. It includes men's overcoats, men's suits and men's custom tailoring?—A. Yes.

Q. Will you proceed?—A. Nature of Business: Prior to 1929 only one men's clothing department was operated, but starting with the year 1929 this department was sub-divided into three departments: No. 260, men's overcoats; No. 262, men's suits; and No. 265, men's custom tailoring. In addition to men's overcoats and suits these departments also handle bathrobes, flannel trousers, knickers and other items of that nature. The sales of men's furnishings, however, as distinct from clothing, are handled by another department. In a great many cases the same manufacturers supply goods to each of the three departments, although in the year 1933, approximately 67 per cent of the total purchases of the custom tailoring department were supplied by one supplier.

Departmental Results: On Statement No. D8 is shown the operating result, in detail of each of the three departments for 1933 and also their combined operating results. For the purpose of this statement the buying expenses charged against purchases have been eliminated therefrom and are shown as expenses. The expenses on this statement have been broken down so as to show separately the interest and depreciation charged to the departments.

Statement No. D7 shows the comparative results in condensed form for the three departments, individually and in total, for the past five years (1929 to 1933), and also shows the result for the previous five years (1924 to 1928), before the department was sub-divided into three divisions.

Sales: In 1929 the new extension to the store was opened and the sales of the past five years show a substantial increase over the previous five-year period. The total sales for the three departments in 1933 was \$919,443 as compared with \$927,213 in 1931, the year in which the sales were highest in the 10-year period under review.

Mr. SOMMERVILLE: Almost equal to their peak year.

The WITNESS: In 1933, sales in the men's suits department showed a very substantial decrease but this was more than off-set by the very large increase in sales in the men's custom tailoring division. Sales in this particular division were \$279,830 as compared with less than \$100,000 in the next highest year; the number of transactions in this division increased from 3,108 in 1932 (48 weeks) to 17,100 in 1933 (52 weeks). The increase in the custom tailoring division sales is represented to a great extent by the special sales of \$16.50 suits and other suits tailored-to-measure for the company by an outside firm.

By Mr. Sommerville:

Q. In that case, sales of ready-to-wear men's suits during the year 1933 decreased?—A. Yes.

Q. But the sales of custom tailored-to-measure suits increased from 3,000 suits—A. Transactions.

Q. Increased from 3,000 transactions to 17,000 transactions?—A. Yes, that is right.

Q. You say that is largely due to these \$16.50 suits?—A. And others similar.

Q. And similar suits that were put out by the company?—A. Yes.

Mr. HEAPS: What were the other prices charged for suits?

Mr. SOMMERVILLE: We will come to that.

The WITNESS: They are referred to later.

Mr. SOMMERVILLE: They are referred to in detail later when going into the question of this \$16.50 suit.

By Mr. Sommerville:

Q. Will you continue?—A. Yes. Gross profit: It is the practice of the company to charge into the cost of sales a percentage to cover the cost of alterations. This percentage has varied from time to time and is different in the three departments. The gross profits shown on the comparative statements are after absorbing these alteration cost provisions. The maintained gross profit in the men's overcoats division for 1933 was 49.41 per cent on cost, which represents the highest gross profit percentage in the five years for which figures are available for this particular division.

Q. That is an indication of another department in which there is an increased mark-up?—A. Yes.

Q. That resulted in the highest gross profit percentage in the five-year period?—A. Yes.

Q. Yes?—A. The maintained gross profit in the men's suits division was 37.07 per cent on cost, which is approximately the same as in the previous four years.

Q. Men's suits—that is ready-to-wear?—A. Yes.

Q. In men's suits the maintained gross profit was 12 per cent less than in overcoats?—A. Yes.

Q. Yes?—A. The maintained gross profit in the customs tailoring division in 1933 was only 29·39 per cent on cost which, however, was 5 per cent higher than in any of the previous years in spite of the special \$16.50 suit sales in 1933.

Q. The \$16.50 suit sales which added largely to their volume reduced the average mark-up, notwithstanding that they still had a 5 per cent higher mark-up in that department than in the previous years?—A. Yes.

Q. That is another indication of the increased mark-up?—A. Yes.

Q. Will you continue?—A. The lower gross profit percentage in the custom tailoring department decreases the average maintained gross profit in the combined men's clothing departments to 38·41 per cent which compares with a high of 43·73 per cent in 1925 (when the volume of custom tailoring business was very low) and a low of 33·24 per cent in 1928.

Q. That is to say, you have combined the three departments?—A. Yes.

Q. Overcoats, suits and custom tailoring?—A. Yes.

Q. In the one report?—A. Yes.

Q. And by combining the three, you find that the customs tailoring average reduces the average of the whole?—A. That is right.

Q. And that that average is substantially less, because of that, than formerly?—A. Yes.

Q. You say that made-to-measure suits are largely responsible for that condition?—A. Yes.

Q. Will you proceed?—A. Yes. Net Profit: The combined departments show a net profit in each of the ten years under review, although the custom tailoring department showed a net loss until 1933 when a substantial profit (\$8,861) was shown. The combined net profit for 1933 was \$21,244 as compared with a high of \$50,038 in 1925.

Examples of Price Spreads: The purchase orders for the year 1933 in each of the three divisions referred to above were examined and invoices were drawn on the larger orders. On statements No. D4, D5 and D6 are shown examples of price spreads on the larger purchase orders of the three departments—men's overcoats, men's suits and men's custom tailoring, respectively. On these statements are shown the name and address of the supplier—the names and addresses are left out of the printed copies—and details of the invoices examined, the total laid down unit cost, the initial unit selling price and the initial mark-up. The initial mark-up does not necessarily represent the mark-up actually received as the company finds it necessary to reduce its selling prices in a great many instances. The amounts of these write-downs are included in the comparative results statement with the stock shortages, and the figures shown thereon also include employees discounts which are not segregated from stock write-downs. In total the write-downs have averaged around 5 per cent of sales. The maintained gross profit percentages are shown on the comparative results statements.

Q. That means that your maintained average or maintained mark-up would be within 5 per cent of the initial mark-up?—A. Of the average initial mark-up.

Q. And that maintained mark-up, or that 5 per cent write-down would include also the discount given to the employees?—A. Yes.

Q. It would not come within the same category?—A. No.

By Mr. Young:

Q. What do you mean by stock shortage?—A. Any differences in the inventory at the end of the year.

Q. Some had disappeared?—A. Yes.

Q. Was that extensive?—A. No.

By Mr. Sommerville:

Q. Will you continue?—A. On the statement showing the examples of price spreads in the men's overcoats department (Statement No. D4) a purchase of 304 men's overcoats at \$8.22 each from a firm in Montreal is shown. Some of these coats were sold at \$16.95 each and others at \$20 each, showing mark-ups on cost of 106.20 per cent and 143.31 per cent respectively. Officials of the company state that the low price of \$8.22 which is the laid down cost offered by the firm selling the goods was made possible because of the special purchase by that company of 6,000 yards of coating from a woollen mill in Quebec.

By Mr. Ilsley:

Q. You have gone back of Simpson's purchase to the prior purchase?—A. Yes.

Mr. SOMMERVILLE: That was the explanation they gave.

Mr. EDWARDS: Does that bring in Harris tweed?

By Mr. Sommerville:

Q. I have here a photostatic copy of the invoice of September 21, 1933, for men's overcoats at \$7.75 each?—A. \$8.22, laid down.

Q. Freight and sales tax makes the laid down cost \$8.22?—A. Yes, \$8.22.

Q. Then I observe upon this the mark-up, 54 at \$16.95 and 250 coats at \$20. The total invoice price of the coats at \$7.75 each was \$2,505.31. The total selling price mark-up was \$5,915.30 or a total mark-up over invoice price of \$3,400, which represented 135 per cent?—A. Yes, average.

Q. Average mark-up?—A. Yes.

Mr. SOMMERVILLE: Just while we are dealing with this, these are overcoats, of which you say 54 sold at \$16.95. That is \$9.20 mark-up on those 54. You say 250 of them sold at \$20; that is \$12.25 mark-up on the 250, over invoice. The laid down cost is 47 cents more in each case. It is indicative. Perhaps at this time we might ask Mr. Johnston if he has followed this through, this particular case.

The CHAIRMAN: Mr. Johnston is already sworn.

Mr. KENNEDY (*Peace River*): Is the mark-up on those two coats 106.20 per cent and 143.31 per cent?

Mr. SOMMERVILLE: Yes. That is on the purchase of \$2,500 the mark-up provided was \$2,400.

Mr. FACTOR: Do you want to follow this up?

Mr. SOMMERVILLE: I want to question Mr. Johnston.

F. JOHNSTON, recalled.

By Mr. Sommerville:

Q. That is, on a purchase of \$2,500 the mark-up profit was \$2,400. Have you followed back this purchase of overcoats into the factory of this firm?—A. Yes.

Q. And what further light can you give the committee on this particular purchase of overcoats?—A. An investigation was made in the factory of this firm to check up the cost of making these coats, the profit to the manufacturer, the amount paid for labour, and the following is the result of the investigation:

Material—2½ at 87½ cents.	\$2 51
Trimnings.	2 03
Cutting.	0 50
Labour (making).	1 20
Overhead.	0 73
Total cost.	\$6 79
Manufacturer's profit.	0 73
Selling price to the Robert Simpson Company Limited.	\$7 75

Q. Now, that indicates that the entire labour cost of that \$7.75 overcoat was \$1.20 labour included, and the amount made by the manufacturer for overhead was?—A. 73 cents.

Q. That is less than 10 per cent for the entire overhead for his factory plant, management and everything else; and what was the profit?—A. The profit was 78 cents.

Q. The profit was 78 cents?—A. Yes.

Q. That is 10 per cent of the selling price by the manufacturer on the total order. Then the profit was \$2,400 by the distributor?—A. \$3,410.

By Mr. Young:

Q. You speak of 50 cents for cutting, is that labour?—A. It goes into that but it is cut in a different operation, there is the hand work and the machine work; it is really part of the operation; it is a different operation in the factory.

Mr. SOMMERVILLE: It is cut by machine.

By Mr. Young:

Q. Are not they sewed by machines too?—A. Presumably.

Q. You cannot distinguish between the labour of the man and the machine, can you?

By Mr. Sommerville:

Q. You are taking the factory figures for the labour cost in making up the overcoat?—A. Yes.

By Mr. Factor:

Q. Can you tell me what the prevailing wage in that factory is?—A. No sir. An investigation will be made and will be reported on later.

Mr. SOMMERVILLE: We will have a full report on that.

By Mr. Factor:

Q. Can you tell me how many hours of labour that \$1.20 represents?—A. The report will show that.

Mr. SOMMERVILLE: I just want to get the relative proportion of labour to this. The matter of cutting, Mr. Young, enters into it. They may cut 100 coats at one operation, or fifty coats at one operation, but they only sew one coat at a time.

Mr. YOUNG: What is the 50 cents if it is not labour?

Mr. FACTOR: Partially it is labour.

Mr. YOUNG: Is it light, or is it heat, or oil, or what is it?

Mr. SOMMERVILLE: Perhaps Mr. Glasco or Mr. Johnston may tell us if there is any further light on it.

Mr. HEAPS: I cannot understand why it should be 50 cents to cut a coat and \$1.20 to make it especially if they cut it by a machine.

Mr. FACTOR: Mr. Chairman, I think it would be interesting if we could follow up this overcoat and find out what the textile industry received for the material.

The WITNESS: The cutter who operates the machine is on a time basis or regular wages; the girls or the men who make the coats are paid by the hour. That is really the reason for the division of these two charges.

By Mr. Heaps:

Q. How is the 50 cents arrived at, Mr. Johnston?—A. I cannot tell you, sir.

Q. If they cut say 50 coats at one time how is that determined?

Mr. SOMMERVILLE: We can hardly imagine that the cutting would amount to anything like 50 cents when the entire operation of making the coat apart from that is \$1.20.

By Mr. Kennedy (Winnipeg):

Q. Is this a well established firm or is it a fly-by-night?—A. Oh, it is a large concern.

Q. Has it been doing business for many years?—A. Oh, yes, many years.

Q. And in open competition with reputable manufacturers?—A. Oh, yes, sir.

By Mr. Edwards:

Q. In the district of Montreal?—A. Yes, sir.

Mr. KENNEDY (Winnipeg): I presume the name of that firm will be given to the committee?

Mr. SOMMERVILLE: Yes.

By Mr. Factor:

Q. In these figures that you gave us, are these the figures that you took from the manufacturer?—A. Yes.

Q. But you have not investigated it yourself personally?—A. No, sir, that has been done by chartered accountants.

Mr. SOMMERVILLE: Chartered accountants have been in and investigated this in collaboration with Mr. Johnston. I just wanted to get that particular bit of information connected with this particular purchase at this time. There are many more instances of a similar character that will be given by the investigator.

By Mr. Heaps:

Q. Is the price of this overcoat the regular price charged to all their customers?—A. I cannot say that, sir. It is a quantity price I imagine.

Witness retired.

G. A. ADAMSON, called.

By Mr. Sommerville:

Q. Now, Mr. Adamson, if you will just continue.

The WITNESS: On Statement D-4 which shows examples of price spreads on overcoat purchases, is listed in a separate section certain purchases indicated by officials of the company as being those used for a special sale of overcoats at \$25. This sale of overcoats was advertised on 31st October, 1933. The advertisement indicated that 1,200 coats were available for sale and that included therein were overcoats up to values \$65.

The invoices listed are those which officials of the company state represent 827 overcoats purchased for this sale from outside suppliers. A wide variation in mark-ups is shown ranging from 98·10 per cent on cost to 13·90 per cent with an average of 52·72 per cent on cost. On 30 coats purchased for \$45.64 each (laid down cost) a gross loss of 45·22 per cent was sustained.

In addition to the overcoats listed officials of the company state that 435 overcoats supplied from "K" factory (a factory manufacturing men's overcoats and suit coats) were also included in this sale and the invoices submitted as representing these coats indicated cost prices of from \$12.19 to \$27.50 and an average mark-up of 66·9 per cent on cost. There is no indication on the invoices that overcoats included thereon are the ones used for this sale.

By Mr. Sommerville:

Q. Is this the photostat copy of the advertising that was referred to?—A. Yes.

Q. This is an advertisement that was brought to our attention at an earlier date, dated October 1st, 1933, at Toronto:—

One thousand two hundred men's winter overcoats \$25, actually hundreds of coats of the \$35 grade included. Some worth as much as \$65. Among dozens of world-famous fabrics are genuine French Montagnacs; Taylor's Elysians; O'Brians Irish Fleeces; Taylor's Chinchilla. Here's another stirring example of extra value-giving. Just mark that line up of fabrics. It's a Simpson's sale—that means everything has been planned for a quick, convenient selection, and it means "a worth while 'buy' tomorrow. Come with the crowds when the doors open at 8.30 a.m."

Now, let us see what happened after that. The coats made in the Simpsons factory were supplied to that sale and showed an average mark-up of 66·9 per cent on cost?—A. Yes, and there were 827 overcoats bought from other firms for this sale which showed in some cases a mark-up ranging as high as 98·10 per cent on cost?—A. Yes.

Q. And the lowest was 13·90 per cent on cost?—A. Excepting—

Q. Excepting some that I will mention, with an average of 52·72 on cost?—A. Yes.

Q. And on 30 coats offered that were bought for \$45.64 each a gross loss of 45 per cent was sustained?—A. Yes.

Q. Out of the 1,200 coats?—A. Yes.

Mr. KENNEDY (*Peace River*): Is that the hundreds mentioned for \$65 value?

Mr. SOMMERVILLE: Well, it says:—

1,200 men's winter overcoats

and then it says:

Actually hundreds of coats of the \$35 grade included. Some worth as much as \$65.

And I presume these are the coats that are referred to as being Montagnacs and the Taylor's Elysians.

The WITNESS: Yes.

By Mr. Sommerville:

Q. 30 out of 1,200?—A. In addition to that there were some from their own factory on cost of \$27.50.

Q. Oh yes, from their own factory there were some at \$27.50?—A. Yes.

By Mr. Heaps:

Q. Was that the factory costs?—A. Yes.

By Mr. Factor:

Q. Those are referred to as the \$35 overcoats?—A. I presume they are.

By Mr. Sommerville:

Q. What was the lowest price paid that went in; when you say 98 per cent is the mark-up, some of them must have been bought as low as— —A. \$12.62.

Q. \$12.62 laid down?—A. Yes.

Q. And would that be the majority in volume of the coats?—A. The quantities are listed. There were:—

12 coats at a laid down cost of	\$12.62
192 coats at a laid down cost of	13.31
18 coats at a laid down cost of	13.84
51 coats at a laid down cost of	14.37
30 coats at a laid down cost of	14.63
49 coats at a laid down cost of	14.74
73 coats at a laid down cost of	15.43
80 coats at a laid down cost of	18.08
7 coats at a laid down cost of	18.45
20 coats at a laid down cost of	19.40
30 coats at a laid down cost of	21.95
30 coats at a laid down cost of	45.64

In addition there were three other suppliers which we have not mentioned.

Q. You have not got them?—A. I have them here.

Mr. KENNEDY (*Peace River*): That means that they were selling coats for \$25 that ranged in cost from \$12.62 to \$45.64?

Mr. SOMMERVILLE: Yes.

Mr. KENNEDY (*Peace River*): Is that a regular practice?

By Mr. Sommerville:

Q. Perhaps you can tell us, Mr. Adamson?—A. It is a practice that goods are sold at one price which cost various prices but I would not say that the range is as great as from \$12 to \$45.

Mr. KENNEDY: What justification do they give for that?

Mr. HEAPS: What month were they sold in?

Mr. SOMMERVILLE: This is the beginning of the winter.

Mr. KENNEDY (*Peace River*): October, 1931.

The CHAIRMAN: Had not you better complete those three?

Mr. SOMMERVILLE: The other suppliers.

The WITNESS: Yes:—

30 coats at a laid down cost of \$18.55, which was originally marked-up to \$35; there was a reduction there.

Then 48 coats at a laid down cost of \$14.37

157 coats at a laid down cost of \$14.80.

By Mr. Sommerville:

Q. That completes the list of 1,200 overcoats?—A. That is 827 out of the 1,200.

By Mr. Factor:

Q. And the remainder were made in their own factory?—A. Some of them were. We cannot identify the difference.

By Mr. Sommerville:

Q. You say that there are 435 coats supplied through their own factory?—A. Yes.

Q. In addition to the 800?—A. Yes, that is what we were informed.

Q. That would make up your 1,200?—A. Yes.

Mr. SOMMERVILLE: Now, this advertisement appearing at the beginning of winter, putting the price of \$25 on coats that were French Montagnacs,

Taylor's Elysians, and fine Chinchillas, destroyed the value of these goods in the eyes of the public as far as the retail trade was concerned, and the public looked for Chinchillas, Montagnacs and Elysians from everybody at \$25. Can you give us any light upon that?

The WITNESS: I cannot, no.

By Mr. Sommerville:

Q. Further than the indication of the number of these coats?—A. That is all.

Mr. YOUNG: Is the charge that they sold these coats too cheap or too dear?

Mr. SOMMERVILLE: The evidence given by previous witnesses is to the effect that this class of advertising was misleading and was unfair to the retail trade because of the inclusion of a few coats of very high grade in the quantity that were sold, and the examination apparently shows that they were not sold at a loss at all but at a profit of 50 per cent to 60 per cent over mark-up.

Mr. FACTOR: There was nothing in the advertisement to say they were selling them at a loss.

Mr. SOMMERVILLE: No, except that some of them are worth as much as \$65.

Mr. YOUNG: Well, there were some of them.

The CHAIRMAN: This perhaps is worth noting: That out of this 800 lot 630 cost less than \$15 and sold for \$25.

Mr. FACTOR: That is right.

Mr. YOUNG: Is that an excessive mark-up.

The CHAIRMAN: It is a question of whether the advertisement is a fair advertisement in justice to others selling the class of coats indicated.

Mr. SOMMERVILLE: And you will remember the evidence of a witness was to the effect when dealing with this particular class of advertising from this and other evidence, speaking of Montagnacs:—

Q. That is, they throw in a few Montagnacs?—A. Yes, that is the idea, sir. And, as I say, that is a fabric with a reputation behind it. It is made in the west of England and is recognized as a very fine high class quality. This reputation has been built up by maintaining that quality throughout the years. They are very jealous of their reputation. And, I might say, that the managing director of that company came over to Canada last year protesting against this sort of thing.

Mr. FACTOR: It might have been better, of course, if they had eliminated these 30 coats that they sustained a loss on and not included them in the lot and then it would have been more of a genuine sale; but there are only 30 coats, and I suppose it is a question as to whether that form of advertising is a thing that should be continued.

Mr. ILSLEY: The fact that there were only 30 makes it, to some extent, misleading advertising.

Mr. HEAPS: Was it the 600 that cost \$16 or less?

The CHAIRMAN: \$15 or less.

Mr. HEAPS: And have we any evidence of the 400 coats that came from the factory?

The WITNESS: Yes.

Mr. SOMMERVILLE: The mark-up was \$12.19 to \$27.50, an average mark-up on those coats of 66.9 per cent, that is, on the coats supplied by the factory.

Continuing the evidence that was given before us, on page 311, the witness was asked:—

What would be the effect upon Carr's Elysians and Crombies, and Montagnacs?—A. You will appreciate, sir, that if we have, for instance, Carr's Elysians or Montagnacs on our shelves we just cannot ask the retailer for the price; the retailer cannot possibly ask the consumer for the price that he should get for them when these stores are selling them for \$21, and the result is that the retailers are left with these high class goods on their hands and are forced into liquidation very often by such methods.

That is really an example of a loss leader so far as the 30 coats are concerned.

Mr. SOMMERVILLE: Oh, yes.

Mr. EDWARDS: It is a straight misleading advertisement, is it not?

Mr. SOMMERVILLE: There cannot be any doubt about that.

The CHAIRMAN: It is ten minutes to one and this is perhaps a point where we could stop for lunch.

The committee adjourned at 12.50 p.m. to resume at 3.30 p.m.

AFTERNOON SESSION

The committee resumed at 3.30 p.m.

GEORGE ADAMSON, examination resumed.

By Mr. Sommerville:

Q. We had been discussing this morning that sale of overcoats at \$25. Now we come to the heading "Principal Suppliers"?—A. Yes. The total purchases for the year 1933 in the three departments amounted to approximately \$610,000. Of this amount approximately \$369,575 represents purchases from nine main suppliers listed below, which list shows the purchases from each of these suppliers for each of the departments and in total.

Q. Just leave out the names and give the total?—A. The total purchases for the year for one firm supplying only the custom tailoring department were \$137,612; from another firm, \$52,222; from another firm, \$51,304; from another firm, \$32,399; from another firm, \$29,479; from another firm, \$28,959; from another firm, \$15,450; from another firm, \$11,679; from another firm, \$10,471, making a total of \$369,575.

Q. That is among those nine suppliers?—A. Yes.

Q. \$137,000 of this was made-to-measure clothing?—A. Yes.

Mr. HEAPS: They were made in Toronto, the tailored-to-measure?

By Mr. Sommerville:

Q. Those made-to-measure suits were made in Toronto?—A. Yes.

Mr. SOMMERVILLE: We will come to that very shortly, dealing with that.

By Mr. Sommerville:

Q. Apart from that, practically all the other suppliers, with the exception of \$26,000, were from Montreal?—A. That is right.

Q. That would mean that over \$200,000 worth of the overcoats that were sold came from Montreal?—A. Yes, that is overcoats and suits together.

Q. And about \$26,000 ready-to-wear came from Toronto?—A. Yes.

Q. All the made-to-measure came from one firm in Toronto?—A. Yes.

Q. Will you continue?—A. Yes. K. Factory: In addition to the suppliers listed above, purchases totalling approximately \$90,000 were made by the three departments from "K. Factory". This factory is operated in the Mutual street building by the company and manufactures men's overcoats and suit coats almost exclusively for the company. In a few instances it makes uniforms or special merchandise for outside firms. This factory sells to the store at approximate cost and an examination of the mark-ups on merchandise supplied by the factory indicates an average mark-up which is higher than on goods purchased elsewhere.

Q. From their own factory the mark-up is higher?—A. Yes. Initial mark-ups: For the purpose of arriving at the average initial mark-up on purchases from certain of the above suppliers an examination was made of the records of purchases for 1933 from these suppliers. The records show the cost price and also the initial selling price. From the totals of these costs and selling prices, the average initial mark-ups on costs were determined. They are as follows.

Q. You can leave out the names. The first is their own factory?—A. Yes. Men's overcoats, 77·82 per cent.

Q. That is the average?—A. Yes.

Q. Of all the purchases from their own factory?—A. Yes.

Q. For coats or overcoats it was 77·82 per cent?—A. Yes.

Q. And men's suits?—A. 62·52 per cent. For one firm, on overcoats, it was 70·10 per cent. For another firm, on overcoats, it was 69·54 per cent and 58·84 per cent on men's suits. For another firm, 66·11 per cent on the overcoats and 56·17 per cent on the suits. For another firm, it was 64·35 per cent on the suits; for another firm, on the suits, it was 64·93 per cent; and for another firm, in the custom tailoring department, it was 33·32 per cent.

By Mr. Heaps:

Q. May I ask if they make those cheap suits themselves in the custom tailoring department?—A. No, they are supplied by an outside firm.

Mr. SOMMERVILLE: The cheap, made-to-measure suits are made in an outside firm. That is what you are after, Mr. Heaps?

Mr. HEAPS: Yes.

By Mr. Young:

Q. Did you discuss with them why they did that?—A. That follows, I think.

Mr. YOUNG: That seems to be giving the products of other factories the advantage over their own.

Mr. SOMMERVILLE: There may be a reason for that. They may have got them cheaper.

Mr. HEAPS: You say they could produce them in another factory cheaper than they could in their own?

Mr. SOMMERVILLE: Well, they bought them at a price, at any rate, cheaper than they produced in their own.

The CHAIRMAN: That is what the record shows.

By Mr. Sommerville:

Q. Will you continue?—A. Dealing with special sales of \$16.50 suits, prior to 1933 no purchases were made from the outside firm. In 1933, however, the outside firm supplied approximately 67 per cent of all purchases by department No. 265, which is the men's custom tailoring. On 7th February, 1933, a sale of 3-piece tailored-to-measure suits was advertised at \$16.50 each. The outside firm supplied these suits at a cost to Simpsons, including sales tax, of \$13.

Q. \$13 was the cost. I have here a photostatic copy of an advertisement dated Tuesday, February 7, at Toronto, \$16.50. I think you have that in the statement, if you will read it?—A. I will if you wish.

Mr. HEAPS: Is there anything wrong about that advertisement?

Mr. SOMMERVILLE: Well, there are some references in it—he will read it.

The WITNESS: The following is an extract from an advertisement appearing in the Toronto *Daily Star* on 7th February, 1933:—

ONLY SIMPSONS COULD PRESENT A SALE LIKE THIS

Sales of made-to-measure suits at spectacularly low prices have been frequent during the last few months. Simpson's buyers, who are constantly in the market, naturally have watched the situation with keen interest. They have had many opportunities to stage sales of similar nature but not until a few days ago has there come an offering which they deemed worthy of acceptance. But when it did come, it could not be turned aside, because it came from one of the most outstanding and reliable firms in Toronto.

Simpsons knew that, in this instance, the tailoring could be depended upon because this company had only a high grade of tailoring always.

This clothing firm considered many months before deciding to take the plunge into such a low-priced market and it was only natural when the declaration was finally made that they turned to Simpsons as the outlet. Because for years Simpsons has dealt only in quality clothing.

When you order a tailored-to-measure suit in this Simpson sale you may expect a really fine excellently tailored garment with all the specifications that are found in the suits at much higher prices.

And that's only half the story! The woollens (more than 200 spring patterns) come from the worlds best mills and they're the heavier grades! English and Scotch tweeds, 15 and 16 ounce imported worsteds and 18 ounce navy blue botany serges, all guaranteed dyes! The best materials we believe you've ever had the opportunity of getting in made-to-measure clothing at this price.

The sale continues for four days.—Wednesday, Thursday, Friday and Saturday. We have made all arrangements to look after the crowds of men that will come to Simpsons. There will be extra space to choose your cloths and a whole staff of expert fitters to take your measurements. The price is simply extraordinary—\$16.50.

The makers of the cloths are referred to in the advertisement as being—do you want me to quote these?

Mr. SOMMERVILLE: Yes, I think you had better.

The CHAIRMAN: They are published in the public paper. They are in the advertisement. Read the advertisement:

The WITNESS: The makers of the cloths are referred to in the advertisement as being: G. Garent & Sons, England; Leight Mills, England; D. and R. England, England; R. and A. Sanderson, Scotland; F. and M. Bairstow, England; S. H. Rawnsley, England; James Watkinson & Sons, England, and Genuine Harris Tweeds.

Mr. FACTOR: Is there anything objectionable about the advertisement that you want to get?

Mr. SOMMERVILLE: No, I want to read the balance of the statement. Will you read the next paragraph?

The WITNESS: The manager of the department stated that because of advertisements of sales of \$16.50 suits by a competitor in December, 1932, and January 1933, the Simpson Company suit sales fell off very substantially, and

it was for this reason that they made arrangements with the outside firm to supply tailored-to-measure suits at a price of \$13 for two special sales. Approximately 2,000 suits were sold at the \$16.50 price.

By Mr. Sommerville:

Q. Apparently they were not the first firm to start the \$16.50 made-to-measure suit?—A. No.

Q. That had been started by a competitor, Eatons, in December?—A. Yes.

Q. And then in January?—A. Yes.

Q. Then they followed suit?—A. Yes.

Q. Followed suit with suits?

Mr. FACTOR: Was that intentional?

Mr. ILSLEY: Just a slip.

Mr. SOMMERVILLE: Just natural.

By Mr. Sommerville:

Q. We have had some evidence—, and perhaps you can tell us whether or not you found this was correct—that in order to meet this competition of the \$16.50 suits of clothes in December of 1932 and January of 1933, it had such an effect upon a certain manufacturer in Toronto (that is, sales had fallen off) that Simpson's were able to go to him and make an arrangement to have a suit made which they could sell at \$16.50?—A. That is right.

Q. And in order to make this suit of clothes that they could sell at \$16.50, this manufacturer called in his workmen and the union officials and arranged for a reduction of 10 per cent in wages?—A. That is right.

Q. And that followed all through the factory of this large manufacturer?—A. I think that is right. I am not sure of the extent. It is a general reduction of 10 per cent.

Q. Mr. Glasco will be able to follow that through in his inquiry?—A. Yes.

By Mr. Young:

Q. Was there any attempt made to get cheaper cloth at the same time, cheaper material? Or was it all coming out of wages?—A. I can't tell you that.

Mr. SOMMERVILLE: I think you will find it all came out of wages, Mr. Young. We had evidence, on page 309, as follows: "A large Toronto manufacturer, whose plant was forced into idleness by this sales promotion all over Canada or these \$16.50 suits, agreed to supply the other companies with suits which could be sold at the same price. To do so, it was necessary that wages should be cut an additional 10 per cent. This cut was later made general through all union shops in Toronto, and indirectly affected the Montreal market as well. It not only affected manufacturers making this class of merchandise, but the manufacturers who had been making lower priced goods were compelled to reduce their prices and, to do so, to cut wages, that is, establish a price standard where it was impossible to pay legitimate wages." It goes on to say that as a result of these two sales, he is convinced that the wages of 10,000 workers were affected by the wage reductions.

The CHAIRMAN: What page in the evidence?

Mr. SOMMERVILLE: That is quoting from page 309.

By Mr. Sommerville:

Q. In this case, Simpsons got the price of \$13 quoted to them?—A. Yes.

Q. That was delivered to them?—A. Yes.

Q. They didn't supply any material?—A. No.

Q. That was supplied by the manufacturer?—A. Yes.

Q. And they had no obligation in connection with the purchase of a large quantity of suits?—A. No.

Q. They bought what were ordered and when they were ordered?—A. Yes.

Q. And when they were sold, they passed the order on?—A. Yes.

Q. They had no stock on hand of their own?—A. No.

Q. But rather it was that of the manufacturer?—A. Yes.

Q. And there was no risk involved, as far as they were concerned?—A. No.

Q. The misfits would be returned to the manufacturer?—A. I don't know definitely whether there was any arrangement.

Q. You don't recall that feature of it?—A. No. I think that the company did have some alterations to look after.

Q. Were they not charged back?—A. I can't say definitely.

Mr. FACTOR: There can't be misfits in made-to-measure. They are made to measure. If they don't fit, they make them fit.

Mr. SOMMERVILLE: I think it is the manufacturer that has to make them good.

Mr. HEAPS: This morning we had the set-up of the cost of overcoats—cloth, labour and so on. Have you got the same thing here?

Mr. SOMMERVILLE: Yes, we have it, and it will be given to the committee by the investigator or by the auditor who is giving us a number of factory estimates on a number of items, but I just want to identify this \$16.50 suit at this time in this particular way.

By Mr. Factor:

Q. Was there a large volume of these suits sold?—A. About 3,000 suits.

Mr. SOMMERVILLE: In this case.

Mr. FACTOR: I wonder what would have happened to the work of that factory if they hadn't received the order.

Mr. YOUNG: It would have been just too bad.

Mr. HEAPS: Somebody else would have got it.

Mr. SOMMERVILLE: They were apparently making suits that were selling at a little larger price and getting more wages.

The WITNESS: I think that comes under the factory investigation.

Mr. YOUNG: If they were working at higher wages, they were very foolish to take this lower offer.

Mr. SOMMERVILLE: Well, that sounds reasonable, but if an employer says, "Take a 10 per cent cut or your job is gone," what are you going to do? He just called in his union, and the union agreed that they would take a 10 per cent cut.

Mr. HEAPS: He does the same with his labour as the farmer does with his wheat.

Mr. SOMMERVILLE: Perhaps so, but I am afraid he does not. The evidence, however, will be supplied with respect to that.

By Mr. Sommerville:

Q. You didn't investigate the Eaton Company?—A. No.

Q. Which sold the volume of \$16.50 suits that are referred to?—A. No.

Q. So you don't know what the gross value was there?—A. No, I don't.

Q. We will get that from the other auditor. Then there were these two sales in Simpsons of the \$16.50 suits?—A. Yes.

Q. Then, subsequently, the same firm supplied tailored-to-measure suits at various prices?—A. Yes.

Q. I see you have the prices set out there. Will you just give those?

—A. Yes. Cost to Simpsons, \$13; selling price, \$16.50. Cost to Simpsons, \$14; selling price, \$19.50.

Q. What is that percentage of mark-up about 40 per cent—\$5.50 on \$14?

—A. Yes.

Q. What is the next?—A. Cost to Simpsons, \$14.75; selling price, \$21.50.

Q. That is a mark-up of \$6.75 on \$14.75. 45 per cent, approximately. What is the next?—A. Cost to Simpsons, \$16; selling price, \$23.50.

Q. \$7.50 mark-up on \$16, approximately what percentage?—A. 44 per cent.

Mr. FACTOR: The reason I asked that question about work is because it seems a curious part of this problem that the firm that made these suits for Simpsons is a firm that sells retail. Why they should sell suits to Simpsons at these prices when they can sell them through their own organization at a higher price is something I can't account for.

Mr. SOMMERVILLE: The evidence of the other manufacturer was that this firm, by reason of the extraordinarily low price at which these suits were sold, found that it could not sell and that it therefore was obliged to go into this low class price field, as it is called; and the way in which they came into the price field was, in one respect at least, by reduction of wages.

Mr. ILSLEY: The claim was that Eatons started the trouble.

Mr. SOMMERVILLE: The claim was that Eatons started the trouble in the whole trade.

Mr. YOUNG: Was there any attempt made to trace the pressure back, to see where it originated?

Mr. SOMMERVILLE: Where which originated?

Mr. YOUNG: Where the pressure originated for the lower price?

Mr. SOMMERVILLE: Yes, I think we will perhaps find that in the Eatons inquiry. There will be further evidence there.

By Mr. Sommerville:

Q. Will you continue, Mr. Adamson?—A. Yes.

Dealing with consignments, one consignment shipment of men's knickers was received in 1933 in the men's overcoats department, from a certain firm. The total amount of this shipment was \$5,223. Some of the knickers were sold and the balance returned to the manufacturer, the amount charged back to the company being \$3,723.

Q. That is to the shipper?—A. Yes. The manager of the department states that the manufacturer approached the company with a view to having it purchase this merchandise but upon the refusal of the company he asked that it be taken on consignment, which was done.

Advertising allowances: The records of the company indicate only three small advertising allowances totalling \$124.40 having been received from suppliers to these departments.

Q. In addition to the spread which you have given us in the prices in these two particular sales, I have before me Statement D-4, which deals with other overcoats in the men's overcoat department. Take the 30 overcoats, for example?—A. Those have been read out. Those are all in connection with that sale.

Q. All right. Then the gross profit from this department as a whole, after the write-downs, shortages, etc., was 49.41 per cent?—A. Yes.

Mr. YOUNG: Net?

The CHAIRMAN: Gross.

Mr. SOMMERVILLE: That is gross on the department.

Mr. YOUNG: He has not got the net?

Mr. SOMMERVILLE: No. The net goes into the firm's figures. There is no net on it.

By Mr. Sommerville:

Q. On the men's suits you gave us some two instances. Will you just give us some instances further of the spread in the prices on these various items going into men's apparel?—A. Men's suits include some bathrobes and gowns.

Q. Take the first item, men's bathrobes?—A. 480 bathrobes, unit laid down cost, \$1.87; initial unit selling price, \$3.95; initial mark-up per cent to cost, 111.23.

Mr. FACTOR: Was that a regular line or a special line?

Mr. SOMMERVILLE: There are a lot of them. You will see them all the way down the list, a great many bathrobe items with large write-ups.

By Mr. Sommerville:

Q. What is the next one?—A. Men's suits, laid down cost, \$17.50; selling for \$35, a 100 per cent mark-up.

Q. What about velvet jackets?—A. Laid down cost, \$6.26, selling at \$12.50, an initial mark-up of 99.68 per cent.

Q. The next is men's flannel robes?—A. Total laid down cost, \$3.61, selling at \$6.95, an initial mark-up of 92.52 per cent.

Q. Take the next group of suits?—A. Laid down cost, \$13.43, selling at \$25, an initial mark-up of 86.15 per cent.

Q. And the next item of men's suits?—A. Laid down cost, \$13.52, initial selling price, \$25, an initial mark-up of 84.91 per cent.

Q. Here is another lot of men's bathrobes, 600 of them?—A. Laid down cost, \$1.60; initial selling price, \$2.95; an initial mark-up of 84.37 per cent.

Q. Then you have 161 suits of clothes following that?—A. Total laid down cost, \$11.18; initial unit selling price, \$20; an initial mark-up of 78.89 per cent.

Q. And the next item, 300 men's bathrobes?—A. Laid down cost, \$1.68; initial selling price, \$2.95; an initial mark-up of 75.59 per cent.

Q. The next item is 49 men's suits?—A. Laid down cost, \$11.46; initial selling price, \$20; an initial mark-up of 74.52 per cent.

Q. Here are some coats only. Down to that point all of these suits, robes, bathrobes and velvet jackets were manufactured in Montreal?—A. Yes.

Q. Now, we have got men's suits. What is the next one there?—A. Suits, laid down cost, \$20.47; initial selling price, \$35; an initial mark-up of 70.98 per cent.

Q. Coats only?—A. Laid down cost, \$4.46; initial selling price, \$7.50; an initial mark-up of 68.16 per cent.

Q. Coats again?—A. Total laid down cost, \$6.04; initial unit selling price, \$10; an initial mark-up of 65.56 per cent.

Q. For the purpose of the printing, if you will just say "mark-up" instead of initial mark-up, we will understand what it means. Then farther down the items—some of these here that we have were from a Montreal firm—I see 201 suits?—A. Laid down cost, \$9.30; selling price, \$13.75; a mark-up of 47.85 per cent.

Q. And the next?—A. Laid down cost, \$11.18; selling price, \$16.50; a mark-up of 47.59 per cent.

Q. That covers 452 suits. What is the next?—A. Laid down cost, \$16.96; selling price, \$25; a mark-up of 47.40 per cent.

By Mr. Young:

Q. I notice that in these 35 items, only a few are produced from Toronto; the rest are from Montreal?—A. Yes.

Q. That is because the Montreal cost is lower. Have you made a comparison between the Toronto and Montreal costs on men's wearing apparel?—A. Well, I think this sheet shows that, that the mark-up is higher on Montreal.

Mr. SOMMERVILLE: Yes, generally the mark-up is higher.

By Mr. Factor:

Q. The laid down cost is lower from Montreal?—A. Yes.

Mr. SOMMERVILLE: Well, there is some profit in it, I suppose there is an amount of profit.

By Mr. Sommerville:

Q. The next one covers the men's made-to-measure department, apart from the \$16.50 suits of clothes that we have already dealt with. The first item is 17 suits made-to-measure?—A. Total laid down cost, \$13.75; selling price, \$25; a mark-up of 81.82 per cent.

Q. Then there are 6 overcoats made-to-measure?—A. Laid down cost, \$14.75; selling price, \$22.50; a mark-up of 52.54 per cent.

Q. Then take 131 suits?—A. Laid down cost, \$17.60; selling price, \$25; a mark-up of 42.05 per cent.

Q. Then, 96 suits?—A. Laid down cost, \$13.75; selling price, \$19.50; a mark-up of 41.82 per cent.

Q. And then the last item, that is \$16.50 suits of clothes?—A. Yes.

Q. That shows a mark-up of 26.92 per cent?—A. Yes.

Q. And that reduces the average on the whole?—A. Yes.

Q. The gross profit on that department, after write-downs, shortages, etc., was 29.39 per cent?—A. Yes.

By Mr. Factor:

Q. Is there any way you can tell the net profit of the department?—A. Yes; the departmental results, after charging into the department interest and depreciation, is shown on Statement D7.

Mr. SOMMERVILLE: That is the very next page.

The WITNESS: Yes, that is it.

Mr. YOUNG: This was the net result on a given transaction?

Mr. SOMMERVILLE: On the whole.

The WITNESS: Yes, on the whole.

Mr. SOMMERVILLE: On the operations of the department.

By Mr. Young:

Q. You can't show the profit or loss on a given transaction?—A. No.

Mr. ILSLEY: The 6 per cent—

Mr. SOMMERVILLE: That 6 per cent is added in as rental and depreciation reserve set up?

The WITNESS: Yes.

By Mr. Sommerville:

Q. And departmental charges?—A. Yes. Statement D-8 shows the operation for 1933, showing the interest and the depreciation provided in the department.

Q. In that department the amount of interest charged was \$32,419, and the building maintenance in the department was \$21,230?—A. That is the three departments together.

Q. Yes, and the depreciation on buildings and equipment charged was \$7,512?—A. Yes.

Q. Altogether about \$60,000?—A. Yes.

Q. And general office and delivery, administrative and store expense, \$74,494?—A. That is right.

Q. Charged into that department?—A. Yes.

Mr. YOUNG: What percentage does that make of the turn-over of the department?

Mr. SOMMERVILLE: Well, the total of the three departments for that year, that is, the total sales were \$919,000.

Mr. YOUNG: And the expenses would be something less than 10 per cent of that?

Mr. SOMMERVILLE: No, no.

The WITNESS: The total expenses were \$241,000.

By Mr. Factor:

Q. I notice in the men's suit department there is a loss?—A. Yes.

Q. When did this loss take place?—A. In 1933.

Q. Including sales?—A. The customs tailoring department showed a profit.

By Mr. Sommerville:

Q. But there is a slight loss in the ready to wear department.

By Mr. Ilsley:

Q. As a matter of fact, 1933, was a specially profitable year in the customs tailoring department, was it not?—A. The sales in the previous years had been very low. That was the first year when sales reached any volume.

Q. That is the reason?—A. Yes. That is shown on D-7, the sales for the last five years.

By Mr. Sommerville:

Q. If you will proceed with the next department then, Mr. Adamson?—A. The ladies' dress and coat departments.

Q. Yes?—A. This memorandum deals with the five departments of the Toronto store selling ladies' coats and dresses, as follows:—

Department 301 —Ladies' coats.

Department 305 —Medium priced dresses.

Department 306-8 —Moderately priced dresses, house dresses, Jr. misses' dresses.

Department 316 —Lower priced dresses, self-serve dresses and coats.

Department 317 —Ladies' lower priced store outer garments.

Departments 301, 305 and 306 (with which department 308 was consolidated in 1928) are situated on the third floor of the store and handle better grades of dresses and coats than departments 316 and 317 which handle the lower priced dresses and coats and are situated in the basement of the store, known as "Lower Priced Store". The departments are closely allied, are all under the management of one man and from time to time have been regrouped, subdivided or consolidated and they are therefore being considered as one group.

Principal Suppliers—Dresses:

Purchases of the dress departments are not restricted to a few suppliers; a great many firms, some of them large and some of them small, are dealt with.

Total purchases in 1933 of the four departments handling dresses (305, 306, 316 and 317) amounted to approximately \$910,000, in which amount is included purchases of coats in departments 316 and 317, the separate totals of which are not available. The following manufacturers supplied \$350,950 of the dresses purchased in 1933—

Q. Ontario supplied \$112,292.56?—A. Yes.

Q. And Quebec supplied \$238,657.68?—A. Yes.

Q. In that total of \$350,950?—A. Yes.

Q. But the entire amount of the purchases of the company was?—A. \$910,000.

Q. Nearly three times that?—A. Yes.

By Mr. Factor:

Q. Where did they purchase the balance?—A. These are only the large suppliers; there are a great many suppliers.

Some of the above suppliers also supply goods to other departments of the store but such purchases are excluded from the above figures.

From the above it will be seen that a great proportion of the dresses are purchased in the Province of Quebec.

Ladies Coats:

In some instances the manufacturers who supply dresses to the company also supply coats but in many cases the supplier confines his business to either one or the other. Purchases of coats for department 301 in 1933 amounted to \$547,300 and a portion of the purchases of \$267,425 for departments 316 and 317 represent coat purchases. The principal suppliers in 1933, along with the approximate volume of business of each, is given below:—

One firm supplied.. . . .	\$92,800
Another firm supplied.. . . .	71,800
“ “	26,700
“ “	23,700
“ “	23,400
“ “	13,800

Examples of Price Spreads:

Separate statements showing examples of price spreads have been prepared on each department as follows:—

Statement No. D- 9—Price Spreads of Department No. 301	
“ D-10 “ “ “ 305	
“ D-11 “ “ “ 306	
“ D-12 “ “ “ 316 and 317	

These examples were selected by an examination of the weekly purchase tallies for the year 1933 and in addition the newspaper advertisements for 1933 were examined and invoices were requested in connection with certain of the coats and dresses advertised.

These statements show a great variation in spreads in each of the departments. The spreads on different items on one invoice are also quite divergent. For example on Statement No. D-11 is shown various items invoiced by one company under date of 8th November, 1933. Price spreads on this invoice range from 287 per cent on cost to 17 per cent with an average of 117 per cent. On Statement No. D-12 are listed the various items appearing on invoice dated 28th February, 1934, from another firm. Price spreads on this invoice range from 375 per cent on cost to 78 per cent on cost with an average mark-up however, of 95.5 per cent.

Frequently a group of dresses or coats which includes garments of various grades is purchased at an average price per garment. On some of the garments in such a purchase a high mark-up is obtained while on others the mark-up may be less than average; an example of this is shown on Statement No. D-11, items Nos. 1-7 which is the purchase from one of the companies referred to above,

By Mr. Sommerville:

Q. That is items Nos. 1-7 on Statement No. D-11. Just let us have the spread there.—A. Some of the dresses cost \$5.10.

Q. The first seven lots then cost \$5.10?—A. 33 dresses cost \$5.10.

The CHAIRMAN: No, no.

Mr. ILSLEY: They averaged \$5.10. I understood you to say a moment ago that they bought large quantities at an average price, some of them worth a great deal more than others; you must take the average mark-up.

The WITNESS: Yes.

By Mr. Ilsley:

Q. To get any meaning from it?—A. Yes.

Q. For instance, on the seventh one there is a mark-up of 17.25 per cent, and on the first one a mark-up of 287.25 per cent; that does not mean that the seventh one was the same value of dress as the first one at all?—A.No.

Q. \$5.10 is the average price?—A. Quite.

Q. The average is what counts?—A. Yes.

By Mr. Sommerville:

Q. We are talking, I think, about two different things. There are various qualities of dresses in this lot?—A. Yes.

Q. First, you have a lot of 33 dresses at \$5.10?—A. Yes.

Q. And they were marked up to?—A. \$19.75.

Q. And that was an initial mark-up of?—A. 287 per cent.

Q. Then the next lot was 20 dresses?—A. Yes.

Q. \$5.10?—A. Yes.

Q. And a mark-up of?—A. \$17.50 or 243 per cent.

Q. And the next lot?—A. \$15.95 selling price.

Q. 15 dresses costing \$5.10 with a selling price of?—A. \$15.95.

Q. And a mark-up of?—A. 212 per cent.

Q. And the next lot?—A. Cost \$5.10, selling price \$12.95 with a mark-up of 134.92 per cent.

Q. And the next lot?—A. Selling price \$10.95, mark-up 114.7 per cent.

Mr. ILSLEY: Mr. Sommerville and I have two different understandings of it. Was not the whole lot bought?—A. \$5.10 laid down cost.

Q. Average for the whole thing, and the reason you have divided them is because?—A. Different selling prices.

By Mr. Young:

Q. Well then, it is not a fair comparison. The first item, for instance, the actual laid down cost was not \$5.10, it may have been more.—A. The same cost was given to each dress but actually one may have been worth more than the other, so far as the invoices were concerned. It was the average price that was paid for the group of dresses.

Mr. ILSLEY: If you do not understand that thoroughly, it looks like a case where they use part of them for loss leaders at \$17.25 mark-up.

By Mr. Sommerville:

Q. The fact was that you had this group of 203 dresses?—A. Yes.

Q. And after providing for these mark-ups the average on the whole was 117.54 per cent?—A. That is right.

Q. Well then, take the next dresses, what is the next entry?—A. Cost \$4.75, selling price \$10.95, initial mark-up 130 per cent. Next item the same, different invoices.

Q. Yes, that is 112 dresses. Then the next item?—A. 300 dresses.

Q. Cost?—A. 65½ cents which sold for \$1.50, initial mark-up 129 per cent.

Q. That is for house dresses?—A. Yes.

Q. And the next?—A. 307 dresses, cost 66¾ cents, sold for \$1.50, 124.72 mark-up.

Q. I think we had some reference in the evidence to house dresses from Montreal, cost of making \$1 a dozen. Next, 348 dresses?—A. 66¾ cents cost, \$1.50 selling, 124.72 mark-up.

Q. Then sand crepe?—A. Cost \$5.26, selling \$10.95, mark-up 108 per cent.

Q. And the next?—A. Cost \$2.40, selling \$4.98; mark-up 107.5 per cent.

Q. Then 54 dresses?—A. Cost \$4, selling \$8.25, mark-up 106.

Q. Then you have got 24 print dresses?—A. Cost \$2.75, selling \$5.98, mark-up 106.20.

Q. Then you have got a lot of 24 dresses again?—A. Cost \$2.90—

Q. \$12.50, below that?—A. Cost \$12.50, selling \$25, mark-up 100 per cent.

Q. And then going down still further, 147 Point dresses?—A. Cost \$2.63, selling \$4.88, mark-up 88.55 per cent.

Q. Then you have 32 tailored dresses?—A. Cost \$8.60, selling \$15.95, mark-up 85.46 per cent.

Q. Then 936 Fairway Voile dresses?—A. Cost 70 cents, selling \$1.20, mark-up 84.29 per cent.

Q. And then you have 236 dresses again?—A. Cost 89¾ cents, selling \$1.50, 67.13 mark-up.

Q. Then you have 847 dresses from Montreal?—A. Cost \$1.21, selling \$1.98, mark-up 63.64 per cent.

Q. And another lot of 228 dresses. Those are marked consignment. Give us that consignment, please?—A. Cost \$3.71, selling \$5.98, mark-up 61.19 per cent.

Q. Then you have here 1,800 ladies house dresses?—A. Cost 54 cents, selling 79 cents, mark-up 46.30 per cent.

Q. And the average?—A. The gross profit after stock write-downs and stock shortages was 44.54 per cent on cost.

Q. Then the next Statement D-12, you have a series of the spreads on lower priced dresses?—A. Yes.

Q. Self-serve dresses and coats?—A. Yes.

Q. Can you give us some examples of that, please.—A. The first six items are on one invoice, and this is one item which we were requested to investigate.

Q. And you have a further investigation on that?—A. Yes. There were 7 capes, costing \$1.58, initial selling \$7.50, mark-up, 374.68 per cent; one coat cost \$5.25, selling \$19.50, mark-up 271.43.

By Mr. Factor:

Q. In those cases as well, the one invoice, the average would be—A. These were not different costs.

Mr. SOMMERVILLE: Different cost prices on different articles.

By Mr. Factor:

Q. These were the actual costs then?—A. Yes. 3 capes and suits, \$6.30 cost, selling \$19.50, mark-up 209·52; 4 suits, cost \$4.20, selling \$12.90, mark-up 207·14 per cent; 10 coats, cost \$5.25, selling \$15, mark-up 185·71 per cent; and 39 suits cost \$4.20, selling \$7·50, mark-up 78·57 per cent, with an average of 95·52 per cent for all the items on the invoice.

Q. Now, you have got here an item of 60 coats from Montreal?—A. Cost \$5.02, selling \$7.88, mark-up 56·97 per cent.

Q. And then you have got 100 women's coats?—A. Cost \$7.08, selling \$10.94, mark-up 51·69 per cent.

Q. Then another 40?—A. Cost \$7.09, selling \$10.74, mark-up 51·48 per cent.

Q. And here you have got 66 Celanese dresses from Montreal?—A. Cost \$2, selling \$2.94, mark-up 47 per cent.

Q. Then down towards the end, 100 coats from Montreal?—A. Cost \$5.70, selling \$7.88, mark-up 38·25 per cent.

Q. And for the year the gross profit in that department after all write-downs, stock shortages, etc., was?—A. 33·97 per cent.

Q. And that is after charging into the department the interest?—A. Oh no, this is the gross profit.

Q. I beg your pardon, that is after write-downs and shortages?—A. Yes, there are a lot of these in these departments.

Q. Then the operations of that department, the total sales amounted to \$2,116,950?—A. That is for the five departments.

By Mr. Factor:

Q. Does that total give you the net result?—A. Yes it does.

By Mr. Kennedy (Peace River):

Q. What is the explanation of the tremendous mark-ups on those five items?—A. I think they were clearing lines from the manufacturer.

Q. You would think in clearing lines they would have a low mark-up. Why would a mark-up on an item like that be so tremendous?

Mr. KENNEDY (Winnipeg): It is a question of what the traffic will bear, is it not?

Mr. KENNEDY (Peace River): I suppose.

Mr. FACTOR: I suppose the picture is also presented in the net result of the department.

Mr. SOMMERVILLE: Oh yes, the net result in the department after the charge for depreciation and 6 per cent, and rent and so on.

By Mr. Factor:

Q. In this statement D-13, 1933, the net result was a profit of \$3,911 in all the departments?—A. Yes.

By Mr. Sommerville:

Q. After charging?—A. After charging interest and depreciation.

Q. And there you had interest charged of \$76,525, and you had building maintenance of \$60,550, and depreciation of \$21,414 or a total of about \$156,000 charged to the department. No, Mr. Adamson, you did not finish your narrative.

The WITNESS: We have covered the comparative operating results now. Consignment stocks have been covered, I think.

The CHAIRMAN: All right, boys clothing.

The WITNESS: *Boys Clothing:*

The department sells boys clothing such as suits, overcoats, etc. A number of the suppliers for the department also sell goods to the mens clothing departments.

The total purchases of the department for the year at invoice cost amounted to approximately \$313,385.

Mr FACTOR: What would be the percentage?

Mr. SOMMERVILLE: We will have that.

The WITNESS: *Price Spreads:*

On Statement No. D-15 are examples of price spreads showing initial mark-up as a percentage to cost varying from a peak of 176.39 per cent to a low of 41.97 per cent. The initial mark-up does not necessarily indicate the final selling price in each case as frequently the company finds it necessary to reduce the original marked selling price.

Result of Operation:

Statement No. D-16 shows comparative operating results for ten years 1924 to 1933 inclusive as prepared from the company's statements. Sales have increased from \$266,595 in 1924 to \$419,916 in 1933 with a peak of \$471,090 in 1931. Gross profit as a percentage of cost of sales has risen from 30.51 per cent in 1924 to 46.26 per cent in 1933. Net profit for the department has varied from a low of \$355 in 1924 to a high of \$34,568 in 1928 and was \$18,556 in 1933.

By Mr. Sommerville:

Q. That indicates an increase in the mark-up?—A. Yes.

Q. In this department?—A. Yes.

Q. Over the ten year period it has increased 16 per cent?—A. Yes.

By Mr. Ilsley:

Q. Is that not much larger than the other departments?—A. Yes.

Mr. YOUNG: Is there any explanation of it?

Mr. SOMMERVILLE: People are more ready to buy children's clothes now.

The WITNESS: Do you want to go on to the next department.

By Mr. Sommerville:

Q. In the boys' clothing department, you show some items here, some suits from Montreal?—A. Statement D-15.

Q. Boys' suits, yes?—A. Cost \$3.60, selling \$9.95 mark-up 176.39 per cent.

Q. Take a few of the larger ones and some of the medium ones.

By the Chairman:

Q. 211 longs?—A. Cost \$4.05, selling \$9.95, mark-up 145.68.

By Mr. Sommerville:

Q. That is boys' suits with longs, cost \$4.05, selling \$9.95 and mark-up 145.68. The next is 284-4 piece suits?—A. Cost \$3.39, selling \$7.95, mark-up 134.51.

Q. A little further down you have pants—longs, 306?—A. Cost 80 cents, selling \$1.69, mark-up 111·25.

Q. Then further down 300 breeches?—A. Cost 68 cents, selling \$1.39, mark-up 104·41.

Q. Then 80 boys, robes?—A. Cost \$1.46, selling \$2.95, mark-up 102·05.

Q. And pants, longs, 303?—A. Cost 80 cents, selling \$1.59, mark-up 98·75 per cent.

Q. And then breeches, 624?—A. Cost 81 cents, selling \$1.59, mark-up 96·30.

Q. And some raglan coats?—A. Cost \$8.52, selling \$16.50, mark-up 93·66.

Q. And then underneath that 25 suits—4-piece?—A. Cost \$7.21, selling \$12.95, mark-up 79·61 per cent.

Q. Yes. Now have some enquiries been made as to the cost of making these boys' pants that cost 80 cents and sold at \$1.59? —A. I believe those have been covered.

Q. Those have been covered by the further enquiry into the factory costs? —A. Yes.

Q. Because 80 cents includes labour, material, sales tax, everything, and we did have the evidence that boys' pants were made in Montreal at the labour cost of 35 cents or 36 cents a dozen, and here we have got a mark-up of 111·25 per cent on that. Now then, the gross profit of that department was 46·26 per cent after stock write-downs, stock shortages, etc.?—A. Yes.

Q. And that department carries an investment of \$16,766, depreciation of \$3,968, and building maintenance of \$11,226?—A. Yes, that is 1933.

Q. That is upwards of \$30,000 charged against that department.

Q. Now the shoe department?—A. This department consists of four units selling shoes and rubber footwear as follows:

Women's Shoes.. . . .	Department No. 276
Men's Shoes.. . . .	" " 285
Children's Shoes.. . . .	" " 283
Lower Priced Store.. . . .	" " 287

Shoes:

- The men's and women's departments sell:—
- 1. Branded lines that maintain prices.
 - Sale merchandise.

Branded Lines at Standard Prices:

There are two divisions of branded lines: Manufacturers' branded lines, and Simpson's own registered branded lines.

Manufacturers' branded lines are as follows:

	Laid Down Cost	Selling Price	Mark-up Percentage to Cost of Sales
LINE	\$ cts.	\$ cts.	%
<i>Women's Department—</i>			
A Quebec concern.....	7 38	12 00	62.60
	7 89	12 50	58.43
An Ontario concern.....	5 90	10 00	69.49
	6 35		57.48
A Quebec concern.....	5 98	11 00	83.95
A New York concern.....	4 38	7 50	71.23
	5 15		45.63
<i>Men's Department—</i>			
An Ontario concern.....	5 90	10 00	69.49
	6 35		57.48
A Maritime concern.....	5 64		59.57
	5 87	9 00	53.32
	6 30	10 00	58.73
An English concern.....	7 25	11 00	51.72
		11 50	58.62
SIMPSON'S BRANDED LINES			
<i>Women's Department—</i>			
An Ontario concern.....	6 47	10 00	54.56
An Ontario concern.....	5 35	8 50	58.88
An Ontario concern.....	3 76	6 00	59.57
	2 60	4 00	53.85
An Ontario concern.....	4 51	7 50	66.30
	4 77		57.23
<i>Men's Department—</i>			
A Quebec concern.....	5 00	8 50	70.00
	5 35		58.88
	4 79	8 00	67.01
	5 00		60.00
A Quebec concern.....	3 18	5 00	57.23
	3 55		40.85
A Quebec concern.....	2 54	4 00	57.48
	2 86		39.86
A Quebec concern.....	3 71	6 00	61.73
	3 92		53.06
<i>Men's Low-Priced Department—</i>			
An Ontario concern.....	2 01		48.26
	2 06	2 98	44.66
	2 16		37.96

Examples of Price Spreads:

On Statement No. D-18 are listed examples of price spreads on shoe purchases in 1933, the first section dealing with regular branded line purchases; the second section deals with purchases of goods advertised as special sales. The invoices listed dealing with the regular lines represent some of the larger purchases made in the period under review; the invoices dealing with sale merchandise were supplied by officials of the company as representing the invoices covering the merchandise shown in the various invoices examined.

An examination of the price spreads schedule and the information given earlier in this memorandum indicates that on regular merchandise a gross mark-up ranging from 22 per cent to 84 per cent is obtained. On special purchases for sales the mark-up is generally lower than on the standard lines. The examples of sales merchandise selected which are shown on the second section of Statement No. D-18 show mark-ups ranging from 17 per cent to 70 per cent, the latter being on a purchase of a retail liquidation stock. The average gross profit after stock write-downs, stock shortages, etc., for the year 1933 in the combined departments was 38.19 per cent.

Special Sales in 1933 and 1934 of Standard Lines:

As indicated previously the newspaper advertisements for the past year were examined and for certain of the lines of shoes advertised, invoices and departmental credit notes (covering reductions in selling prices) were requested and supplied.

The following comments are made in connection with some of the sales advertised:—

- (1) Advertisement—June 15, 1933—1,000 pair White Kid Biltmores usually \$10, at \$5.95.

One thousand eight hundred and eighty-eight pairs were purchased from one company in Ontario at a cost of \$4.24 a pair, yielding a gross profit of 40.33 per cent on cost. These were special Biltmore shoes manufactured to Simpson's specifications for this sale and were sold at no more than \$5.95.

Mr. ILSLEY: They were not the usual \$10 shoes though.

By Mr. Sommerville:

Q. They were made to specifications?—A. Yes.

Q. And they were sold at no more than \$5.95?—A. In this particular purchase. Biltmores are usually sold for \$10.

Q. Biltmore is their specification?—A. The Biltmore is their trade name.

By Mr. Heaps:

Q. Was the Biltmore in each case of the same quality?—A. I do not know. The usual selling price of Biltmore shoes is \$10. In this particular case the shoes were marked \$5.95.

By Mr. Young:

Q. Was Biltmores names on them?—A. Yes.

By Mr. Sommerville:

Q. Biltmore is the name of the brand that the Simpson Company uses, and the Biltmore that is usually sold at \$10 that you have referred to at a laid down cost of \$6.47?—A. Yes.

Q. And those were at the laid down cost of \$4.24?—A. Yes.

Q. And were made to specifications; they could not have been the same shoes.

By Mr. Heaps:

Q. Why was it necessary to have special specifications for the cheaper shoes, do you know?—A. Well, the Biltmore shoes are all built to specification.

By Mr. Sommerville:

Q. But was it not a fact that the specifications were changed to get a shoe for this sale at this lower price having established the reputation for Biltmore shoes on the \$6.47 laid down cost and \$10 selling cost; was it not a fact that the specifications were reduced?—A. Those are white kid.

Q. In order to bring the price down to \$5.95?—A. Those are white kid Biltmores as distinct from the ordinary Biltmore dress shoe which usually sells for \$10.

By the Chairman:

Q. They were a different shoe?—A. Yes.

By Mr. Ilsley:

Q. Were the \$10 shoes white kid shoes?—A. No.

By Mr. Sommerville:

Q. Are you sure of that situation Mr. Adamson? We had the complaint made and evidence given here that shoes with certain standard names, well known names, were made to cheaper specifications and put on sale at lower prices.

Mr. FACTOR: I think it was childrens' shoes.

Mr. SOMMERVILLE: We had them in a couple of instances; one of them was childrens' footwear.

Mr. HEAPS: We had a sample of a shoe here.

Mr. SOMMERVILLE: Yes. We will make further inquiry about this.

The WITNESS: The usual price of Biltmore shoes is \$10; it does not say this particular shoe.

Mr. SOMMERVILLE: I know that. This advertisement I have here says 1,000 pairs white kid Biltmores \$5.95, usually \$10.

By Mr. Ilsley:

Q. Well, what does the advertisement say. According to what you have, you say it was advertised in this way "1,000 pairs white kid Biltmores \$5.95"?—This is the advertisement.

Mr. SOMMERVILLE: The advertisement reads:—

1,000 pairs white kid Biltmore \$5.95 usually \$10.

At the beginning of the advertisement is reads:—

On Friday just in time to save everybody thousands of dollars on summer needs, the June month of sales presents Simpson day in Toronto.

And then:—

1,000 pairs white kid Biltmores \$5.95 usually \$10.

Mr. ILSLEY: Yes.

Mr. SOMMERVILLE: And then it goes on:—

White kid Biltmores, five ninety-five. That tells the whole story of this dramatic Simpson Day value. White kid—just what you need right now to wear with summer clothes. Biltmores— Nearly every Toronto woman knows that name and what it stands for—quality first and foremost, in materials, workmanship, styling. Five ninety-five—and the usual price of Biltmore is \$10.

Mr. ILSLEY: That apparently is an incorrect statement at the top when it says that usually the price of white kid Biltmores is \$10.

The WITNESS: I don't know.

The CHAIRMAN: There is this fact, that normally Biltmores cost \$6.47, and this lot cost \$4.24. We will have to inquire further from one of our investigators; if it is the same Biltmores, of course, there is nothing misleading in the advertisement. On the other hand, if it is the same Biltmore then we would like to know what happened to the factory workers and those associated with the making of it at the lower price of nearly \$2 a pair.

Mr. FACTOR: But the other was not a white kid.

Mr. HEAPS: Is it not possible to make a white kid shoe at the other price as well?

Mr. FACTOR: Well you are an upholsterer.

By Mr. Factor:

Q. Is there a regular sale of Biltmore white shoes that sell at \$10?—A. I cannot tell you.

Mr. SOMMERVILLE: One would think so when they say the usual price is \$10 and that they are dealing with everything that is Biltmore.

The CHAIRMAN: We will make further inquiry.

Mr. HEAPS: Is any inquiry being made into the factory conditions of the shoe industry?

Mr. SOMMERVILLE: Some of the shoe factories, yes.

Mr. FACTOR: We have evidence of some very low wages paid in shoe factories.

Mr. SOMMERVILLE: Yes, very low wages. Will you please continue, Mr. Adamson.

The WITNESS: *Speed-up Employment Sales.*

In January, 1933, a series of advertisements appeared announcing that due to an agreement between manufacturer and Simpsons so as to make work for men, the manufacturer had sold his stock to company at no profit and company in turn added to cost only expense of doing business. Two advertisements of this type were selected and invoices called for, one from one firm and one from another. These give the following information:—

1,300 "A" shoes purchased at \$3.61 per pair and marked for sale at \$4.19, giving a gross profit on cost of 16.0 per cent.

612 "B" shoes at cost of \$3.74 marked for sale at \$4.39 gross profit 17.38 per cent.

January, 1934

Ontario Firm Promotion Sale:

The regular selling price of this shoe for men and women is \$10. Simpson's have exclusive selling rights for Toronto and the regular cost is from \$5.90 to \$6.36. To promote the sale of these shoes this Ontario firm allowed each agent to advertise a three day sale of these shoes at \$6.45 and allowed the agents a credit for their stock on hand and reduced the cost of the quotas they would be allowed to sell during this sale. Simpson's quote was 5,000 pair and the cost ranged from \$4 to \$5 per pair.

By Mr. Sommerville:

Q. Now, after inquiry into that sale feature, with reference to other items in that sale, because that was a sale which had special advertisements carrying the message that the manufacturer had sold his stock to the company at no profit and the company were selling it to the public at only the expense of doing business?—A. Yes. These are the only ones we selected.

Q. And you selected those in the shoe department?—A. Yes.

Q. I understand it applied to a great many other departments. The evidence given here was that the amount added was very much greater than the cost of doing business?—A. In this case although the advertisement says the manufacturer added no profit; the company added 16 per cent in one case and 17.38 per cent in the other as covering possibly the cost of merchandising.

Q. Yes?—A. And that was a promotion sale.

Q. Of a certain brand of shoe?—A. Yes.

Q. To promote the sale of this special brand of shoes they arranged with the manufacturer that they would put on a sale at \$6.46 instead of \$10?—A. Yes. I believe the manufacturer arranged it with his various agents.

Q. Yes, and then the manufacturer gave the agent—the Simpson Company—the exclusive agent in Toronto a credit for the stock they had on hand?

—A. Yes.

Q. Of this particular brand of shoes?—A. Yes.

Q. And then they reduced the cost of the shoes?—A. They were allowed a certain quota in this sale.

Q. They were allowed 5,000 pairs and they reduced the cost of 5,000 pairs from \$4 to \$5 per pair?—A. No.

By the Chairman:

Q. From \$5.90 and \$6.35 down to \$4 to \$5?—A. Yes, that is right. They had some on hand, and instead of buying new ones at this reduced cost they were given credit for a certain number which they had on hand, and on additional purchases they paid the lower price within the quota.

Mr. SOMMERVILLE: They were given credit for 5,000 pairs—

Mr. FACTOR: No, no.

The WITNESS: They were given credit on a number of pairs, on the particular shoes sold at that sale—

By Mr. Sommerville:

Q. Is it not a fact that whether or not they sold the shoes at that sale they were given their credit?—A. The credit was given if they exceeded the 5,000 pairs; they got the goods at the reduced cost; if they did not exceed the 5,000 they still had the credit.

Mr. YOUNG: They did not get the reduced cost on more than 5,000 pairs.

The WITNESS: That was their quota, 5,000.

Mr. SOMMERVILLE: All right, up to 5,000.

Mr. NASH: If they had at that time 1,000 pairs in stock they got credit on the 1,000 and purchased 4,000 more at the lower price making a total of 5,000.

Mr. SOMMERVILLE: All right. Now the rubber footwear.

The WITNESS: *Rubber Footwear. Men, Women and Children.*

Practically all this class of merchandise is purchased from an Ontario rubber company. Examples of discounts allowed to Simpsons are as follows:

Invoice		Discount Allowed	Explanation of Discount noted on Invoice
Date	Amount		
	\$ cts		
Oct. 5, 1933.....	3,272 25	14 plus 15 plus 2 p.c.	15 p.c. obsolete discount
Aug. 26, 1933.....	4,802 28	14 plus 2 p.c.....	Nil.
Sept. 12, 1933.....	845.35	10 plus 10 plus 15 plus 2 p.c.	Nil.
April 23, 1934.....	1,093 42	12 plus 25 plus 2 p.c.	25 p.c. obsolete discount.

Mr. FACTOR: What does that mean, what is the explanation of all that? Is not that contrary to what Mr. Eden told us? I thought the rubber association had deposits made to maintain prices.

Mr. SOMMERVILLE: Oh no, they were in the preferred list.

Mr. FACTOR: The preferred list have a certain specific discount.

The CHAIRMAN: The preferred list got 14 per cent and then got what they called a bonus, but I do not think it was the same as this. The first one here amounts to approximately 29 per cent.

Mr. FACTOR: I cannot understand it at all.

Mr. SOMMERVILLE: They must be giving very special discounts. Is there any explanation?

The WITNESS: I am sorry I have not got that explanation.

Mr. ILSLEY: The impression we got from the rubber people was that these discounts were fixed, and I do not think there was any such combination as four discounts mentioned. There are four there?

The WITNESS: Yes.

Mr. ILSLEY: 10, 10, 15 and 2?

The WITNESS: One is a cash discount. There is no explanation on the invoice.

Mr. SOMMERVILLE: I think you will find one of the reasons for it is that this particular firm does not happen to be in the association.

Mr. YOUNG: Simpson's take their entire output?

Mr. SOMMERVILLE: No, I do not think they take their entire output but they use this as a means for getting something elsewhere.

The WITNESS: *Departmental Operating Results.*

Statement No. D-19 shows the departmental operating results for the past ten years for the four individual departments and for the shoe section as a whole. Sales in total increased from \$946,000 in 1924 to \$1,788,000 in 1930 and have decreased to \$1,431,000 in 1933. The maintained gross profit in the ten years has not fluctuated very greatly, having reached a high of 41.11 per cent in 1929 and in 1933 it was 38.19 per cent. In the men's and women's departments a higher gross profit percentage is obtained than in the childrens department and the lower priced store.

Statement No. D-20 shows the operating results for 1933 of each of the departments with the expenses analysed.

Advertising Allowances

The amounts of allowances received from shoe vendors for the year ending January 3rd, 1934, are as follows:—

\$4,184.58	\$232.35
922.30	183.40
455.70	122.50
627.00	63.00
388.20	

Consignment merchandise: On January 4, 1933, the company owed \$3,014 to a company in Toronto for merchandise received on consignment prior to that date. During the year 1933, \$2,433 was paid on the account. Further goods received on consignment in 1933 amounted to \$225. The vendor was charged back \$90 and the balance owing on account at January 4th, 1934, amounted to \$716.

Sundry: In addition to the examples of price spreads shown on Statement No. D-18 the following suppliers' accounts were examined and are summarized. These are firms which were specially asked for.

Q. Yes, these specific firms were asked for and there will be a report upon the conditions in those particular factories?—A. They were not listed under the price spreads because the purchases were very small.

Q. They are not under the price spreads, because the purchases were smaller than usual?—A. Yes.

Q. Smaller than you listed under the price spreads?—A. Yes. The total purchases were small in dollars.

The CHAIRMAN: We will have the table, without the names, put in.

INVOICES EXAMINED

Total Purchases in 1933	Cost	Initial Selling Price	Percentage of Initial Mark-up to Cost
\$ cts.	\$ cts.	\$ cts.	%
4,056 79.....	3,103 48	4,906 33	58.09
2,061 25.....	1,667 91	2,628 90	57.61
1,753.33.....	499 16	745 32	49.31
2,536 54.....	1,111 52	1,775 01	59.69
7,408 06.....	2,511 46	3,575 13	42.35

By Mr. Sommerville:

Q. The percentages of marks-ups on these books are: 58.09, 57.61, 49.31, 59.69 and 42.35?—A. Yes.

Q. Of these five firms?—A. Yes.

Q. Did you cover the price spreads on shoes?—A. Yes. There is a schedule that has been referred to on the memorandum.

Mr. FACTOR: Statement D18.

By Mr. Sommerville:

Q. Take, for instance, the lower priced store shoes shown at the bottom of the page, women's assorted shoes, 88 pairs?—A. Cost, \$1.76; selling price, \$2.98; a mark-up of 69.32 per cent.

Q. The next is 1,255 pairs of women's job shoes, whatever they are?—A. Laid down cost, \$1.02; selling price, \$1.59; a mark-up of 55.88 per cent.

Q. Up above that under children's shoes, 219 pair of infants' shoes?—A. Cost, \$1.27; selling price, \$1.99; a mark-up of 56.70 per cent.

Q. Misses' shoes, 1,258 pairs?—A. Cost, 64 cents; selling price, 89 cents; mark-up, 39.06 per cent.

Mr. FACTOR: Where is the higher class shoes?

Mr. SOMMERVILLE: Up above.

By Mr. Sommerville:

Q. Take some of these rubbers that have been referred to that were bought, or rather men's galoshes, 384 pairs?—A. Cost, \$1.18; selling price, \$1.69; mark-up, 43.22 per cent.

Mr. FACTOR: Can you trace that September 12, 1933, purchase where they got 10 plus 10 plus 15 plus 2? Is the mark-up reflected in the Statement D18 of that particular purchase?

Mr. SOMMERVILLE: No, apparently not, Mr. Factor. I don't see any rubbers here at all. He dealt with the rubber situation generally in the memorandum.

The WITNESS: The mark-up on that was 38 per cent. I have that figure in my papers, on that particular purchase, with the 10, 10, 15 and 2.

By Mr. Sommerville:

Q. That was 38 per cent?—A. Yes.

Q. Now, the next is the men's shirt department?

By Mr. Factor:

Q. Before you come to that, I just wonder if D19 shows the net position of the shoe department?—A. Of the four shoe departments, both individually and in toto.

Q. In 1933, apparently they sustained a loss, after depreciation and interest, of \$14,000?—A. Yes.

By Mr. Sommerville:

Q. The amount charged into this department for interest was \$71,660; for depreciation, \$14,000; for building maintenance, \$39,000?—A. Yes.

Q. About \$120,000; and general office, administrative and store service expenses, \$129,000?—A. Yes.

By Mr. Heaps:

Q. How is that item of interest arrived at?—A. 6 per cent.

By Mr. Sommerville:

Q. 6 per cent on the amount of the average inventory from time to time?—A. And on the fixed assets.

Q. Now, let us take men's shirts. we are now getting close to the skin?—A. The men's shirts department is situated on the main floor and sells, for the most part, shirts and pyjamas. Most of the purchases are made from large, well known manufacturers; and excepting at clearing seasons, regular prices on goods purchased from them are maintained. Cheaper grades of merchandise are supplied for sale purposes by other manufacturers as well as by the larger manufacturers. There are two general clearing seasons in the year, early in the year and at the beginning of the summer (in June and July) at which times special sales are put on. Sales, however, are also held at other times during the year for the purposes of which special supplies of sale shirts are kept on hand. These supplies are accumulated by purchases of bargain lots from manufacturers, soiled shirts taken from stock, etc.

Price Spreads: Statement No. D-21 shows examples of price spreads on invoices of the main suppliers showing an initial mark-up as a percentage of cost ranging from a high of 87.42 per cent to a low of 28.78 per cent. The actual maintained mark-up for the department as a whole in 1933 was 43.74 per cent.

Q. After allowing for all mark-downs, stock shortages, etc.?—A. Yes. The invoices listed were selected at random from the purchase records.

The largest suppliers for the department, along with the purchases from each in 1933 are as follows—shall I read the names?

Q. The amounts will be copied in. The total was \$222,422.18?—A. Yes.

Q. From these large suppliers?—A. Yes, the total purchases. The amounts are \$58,982.86; \$46,534.14; \$35,775.11; \$34,319.54; \$16,349.51; \$9,824.80; \$8,498.50; \$6,394.23; \$5,743.49.

The total purchases of the department for the year amounted to \$332,514.94.

By Mr. Factor:

Q. Where did they get the rest, from the smaller manufacturers?—A. Yes, from the smaller manufacturers.

By Mr. Sommerville:

Q. That is, \$110,000 more came from other manufacturers than those that are listed?—A. Yes. Statement No. D-22 shows a comparative operating statement of the department for the five-year period 1929 to 1933. Prior to 1929 this department was not run as a separate unit, being consolidated with other furnishings. Sales in 1933 were \$509,101 as compared with \$513,001 in 1929 and with \$572,708 (the peak in the five-year period) in 1931. The maintained gross profit percentage on cost was 43.74 per cent in 1933 which is the highest since 1929 when the percentage was 44.36 per cent. The department

showed a net profit in each of the years, after charging interest and depreciation. On Statement No. D-23 the operating results for 1933 are shown, with the expenses analyzed and with buying expense eliminated from the cost of sales.

By Mr. Factor:

Q. I would like to ask Mr. Adamson once more what the significance is in the various departments when the gross profit is shown higher in 1933 than in 1929. I just want to understand. Would you mind explaining it to me?—A. Well, the mark-up is higher in the later years.

By Mr. Sommerville:

Q. There is no doubt about it, that throughout a large number of these departments the mark-up is higher during these later years?—A. Well, in total, the maintained gross profit percentage has not varied over the ten years very greatly. That was brought out earlier.

Q. In total, for the whole store?—A. Yes.

Q. Do you mean the percentage?—A. Yes.

Q. But then, in this department the amount has been written up or the mark-up has been increased?—A. Yes.

Q. Then as a result of the increasing of the mark-up in some of these departments, the average has been maintained on an even basis, an approximately even basis, for the ten years?—A. The gross profit percentage to cost on sales for the whole store was greater in 1933 than in 1932 and 1931, but was approximately the same as it was in 1930.

Q. Then where departments have shown a loss, it has been taken care of in departments that would bear the larger mark-ups. Is that not the net result?—A. The net result is that the store as a whole shows a higher gross percentage in 1933, but not the highest gross profit it has shown in the 10 year period.

Q. No, in the year 1929 it reached its peak?—A. 45·2 per cent.

Q. But dropped again, and has been steadily increasing since then, or consistently increasing, shall I say?—A. Yes.

Mr. HEAPS: The volume of sales is down.

Mr. SOMMERVILLE: Yes.

By Mr. Edwards:

Q. That was the year of the re-organization, was it not?—A. Yes, 1929.

By Mr. Sommerville:

Q. Now, we come to advertising allowances in this department?—A. Yes. The total advertising allowances were \$317.40. There were no consignment purchases in this department in 1933.

Q. With reference to Statement D-21, showing mark-ups on men's shirts, the average was 43·74 per cent, the average maintained in the department?—A. Yes.

Q. Take the first item, 36 dozen, I suppose that is?—A. No, I think those are units, 36 pyjamas.

Q. I beg your pardon. These are pyjamas?—A. Unit cost, \$1.59; initial selling price, \$2.98; mark-up, 87·42 per cent.

Q. Yes?—A. Do you want me to read right down the list?

Q. Yes?—A. Men's shirts, cost, 44 cents; selling price 75 cents; mark-up, 70·45 per cent. Bowling shirts, cost \$1.75; selling price, \$2.95; mark-up, 68·57 per cent. Grey and green shirts, cost, \$1.17; selling price, \$1.95; mark-up, 66·67 per cent.

Q. The next is 660 negligee shirts?—A. Cost, 45 cents; selling price, 75 cents; mark-up, 66·67 per cent.

Q. Here are 1,238 shirts?—A. Cost, \$1.22; selling price \$1.95; mark-up, 59·84 per cent.

Q. The next is 1,085 white shirts?—A. Cost, \$1.23; selling price, \$1.95; mark-up, 58·54 per cent.

Q. Here is another, plain and fancy English broadcloth shirts, 3,600 of them?—A. Cost, 65 cents; selling price, \$1; mark-up, 53·85 per cent.

Q. Here is one, 1,920 men's negligee shirts from Montreal?—A. Cost, 67 cents; selling price, \$1; mark-up, 49·25 per cent.

Q. No, 44 cents—just above that?—A. Cost, 44 cents; selling price, 69 cents; mark-up, 56·25 per cent.

Q. And the next lot, at 96 cents?—A. Cost, 96 cents; selling price, \$1.50; mark-up, 56·25 per cent.

Q. The next lot, 1,212 shirts?—A. Cost, 65 cents; selling price, \$1; mark-up, 56·25 per cent.

Q. Then you go down the page to fancy English broadcloth shirts from another Montreal firm, 2,040 of them?—A. Cost, 67 cents; selling price, \$1; mark-up, 49·25 per cent.

Q. And the next lot, 2,460 shirts?—A. The same cost, same selling price, and same mark-up.

Q. 49·25 per cent?—A. Yes.

Q. Farther down you have got assorted garments, knit underwear from knitting mills in Montreal, 10,020 garments?—A. Cost, 49 cents; selling price, 69 cents; mark-up, 40·82 per cent.

Q. Then the last one is plain and fancy English broadcloth shirts, 3,000 of them in January of this year?—A. Cost, 66 cents; selling price, 84 cents; mark-up, 28·78 per cent.

Q. Can you offer any explanation as to why there should be such a wide variation in the mark-ups on men's pyjamas? Here are men's pyjamas that cost \$1.10 and the mark-up is only 36 per cent; and here are men's pyjamas that cost \$1.59 and the mark-up is 87 per cent?—A. No, I don't know.

Q. In this men's shirt department the charge for interest is \$23,830; for general office administration and store service expenses, \$44,800; for depreciation of buildings, \$5,158, and for building maintenance, taxes, \$14,577?—A. Yes.

Mr. HEAPS: What is the total?

Mr. SOMMERVILLE: About \$96,000.

Mr. HEAPS: What was the turn-over in the department?

Mr. SOMMERVILLE: About \$509,000, with \$90,000 charges.

Mr. HEAPS: About 18 per cent.

Mr. SOMMERVILLE: Yes.

The WITNESS: General office, delivery, administration and store service expenses are actual expenses incurred in the store. They are not loading them on the department.

By Mr. Sommerville:

Q. Oh, no; they are the general administration, the general delivery and the store service expenses of one kind and another?—A. Yes.

Q. The portion of that allocated to this particular department?—A. Yes.

Q. Are they allocated on the basis of volume, or are they allocated on the basis of the area that is occupied?—A. They are allocated on the basis of budgeted sales.

Q. So that the larger the sale, the larger amount of rental you pay, in your department, relatively?—A. Yes.

Mr. YOUNG: Not rental, expenses of delivery, etc.

Mr. SOMMERVILLE: Yes, delivery.

The WITNESS: Yes. The rental is on the square foot basis.

By Mr. Sommerville:

Q. Now, take the paint and wallpapers?—A. Could we leave that department to the special report—we have a special report on that—and take it up at the same time?

By the Chairman:

Q. Which one is that?—A. Paints and Wallpapers.

Q. Yes, take the next one then?—A. That is knit underwear. Statement D-26 shows price spreads on 20 representative larger purchases, the initial mark-up thereon ranging from 84·81 per cent to 28·85 per cent of cost. Items 4 and 5 on this list show purchases of 394 dozen bloomers and vests from a firm in Toronto, costing 20 cents each, to sell at 33 cents each. A similar purchase of 160 dozen was subsequently made, and on 23rd March, 1934, these were reduced to 25 cents each for a sale advertised the previous day. Item 6 (1,910-8 12 dozen bloomers, panties and vests) purchased from the same company were advertised on 31st January, 1934, at 49 cents each. This purchase was referred for special investigation to an investigator appointed by the committee.

By Mr. Sommerville:

Q. These are the same kind?—A. No, they are not the same.

Q. Where are the ones that were sold at 49 cents?—A. That is the sixth item; laid down cost, 30 cents; selling at 49 cents, advertised at that price. That was an item which was referred.

Q. That was a mark-up of 63 per cent?—A. Yes. Information was requested in connection with an advertisement of 22nd March, 1934, covering hand-made Italian lingerie at \$2.98 ("Panties, originally \$3.95, slips originally \$6.95"). This merchandise was purchased from a firm in Italy, in March and April, 1933. Price reduction slips were submitted by company officials showing that on 24th March, 1934, 555 slips were reduced from \$6.95 to \$2.98; 57 panties were reduced from \$4.95 to \$2.98; 165 panties were reduced from \$3.95 to \$2.98; and 52 panties were reduced from \$3.49 to \$2.98. The average laid down cost of these slips and panties was slightly more than \$3. This Italian lingerie was sold by department No. 326, which is not a department specifically mentioned in here. It is an allied department, and it was asked for and that is the reason it is here.

Departmental results: Statement D27 shows the operating results for the past ten years. This department has consistently shown a net profit. Sales have been fairly constant over the ten-year period (between \$300,000 and \$430,000). The maintained gross profit percentages have ranged from 37·88 per cent to 48·65 per cent and in 1933 was 40·16 per cent.

Q. In that department, you have the first item which is wool combinations?—A. Cost, 53 cents, selling price, 98 cents, mark-up 84·81 per cent.

Mr. ILSLEY: Excuse me, but would it not be all right for you to indicate the ones you want written into the record, and let it go at that, unless someone has a question to ask, in order to shorten it? I don't know just why we need to go over this way.

Mr. SOMMERVILLE: They may be referred to later, and tied in with some investigations.

Mr. ILSLEY: I understand that there is a reason for having them in the printed report instead of leaving them just as exhibits, but they could be printed in there if you indicated the ones you want, unless there is some reason to the contrary. I have no objection, of course.

The CHAIRMAN: Mr. Sommerville will pick out a few. I think we can shorten this a little.

Mr. FACTOR: These statements are made up to show the higher mark-ups first and it gradually goes down.

Mr. SOMMERVILLE: Yes, and I want to pick out some in each variety.

By Mr. Sommerville:

Q. We have got some bloomers, 120 dozen, the third item?—A. Cost, 35 cents, selling price 59 cents, mark-up, 68·57 per cent.

Q. Then we have got 1,910 dozen?—A. That is an item which was referred to.

Q. That is one you have referred to?—A. Yes.

Q. Then there is 795 dozen?—A. Cost, 27 cents; selling price, 39 cents; mark-up, 44·44 per cent.

Q. Then there is 417½ dozen of assorted garments?—A. Cost, 49 cents; selling price, 69 cents; mark-up, 40·82 per cent.

Q. 295¼ dozen vests?—A. Cost, 35 cents; selling price, 49 cents; mark-up 40 per cent.

Q. And the last item?—A. Cost, 52 cents, selling price, 67 cents; mark-up, 28·85 per cent.

Q. And your average on that department is what?—40·16 per cent.

Q. The next is drugs?—A. Drugs and toilet goods, departments 203 and 204: the two departments are dealt with together. Special inquiries in these departments were directed more particularly to the investigation of specially advertised merchandise. The details of special sales of six nationally advertised lines are summarized below. Do you want me to read the names?

Q. Yes, the advertised lines were referred to?—A. All right.

Date of Advertisement	Merchandise	Advertised Selling Price	Laid-down Cost
Oct. 3, 1933.....	Baby's Own Soap.....	4 for 29c.	4 for 27c.
Jan. 3, 1934.....	Cuticura Soap.....	3 for 55c.	3 for 58c.
March 14, 1934.....	Phillip's Milk of Magnesia.....	39c.	34c.
March 14, 1934.....	Thermogene.....	35c.	37c.
April 5, 1934.....	Dodd's Kidney Pills.....	29c.	31c.
April 5, 1934.....	Pinkham's Vegetable Compound....	87c.	90c.

Of these six lines, four were sold below cost; but in the case of the sale of Thermogene it was apparently a clearance sale of old stock. The merchandise manager states that goods are only sold below cost in this department to meet similar prices advertised by chain drug companies.

Q. These laid-down costs include also the free goods that go with the purchases?—A. Yes, this is the net cost.

Q. Yes, will you continue?—A. Yes. Dealing with price spreads, on statements D28 and D29 are shown the details of items selected from representative larger purchases. The initial mark-ups as a percentage of cost range from 134·64 per cent to 30·67 per cent in the drug department (Statement D28) and 150 per cent to 8·33 per cent in the toilet goods department (Statement D29).

Operations: Statement D30 shows the operating results of these departments for the past ten years. There is a consistent increase in the dollar sales volume to 1931, with a slight recession in recent years. The maintained rate of gross profit shows a continuous falling off since 1929, but in spite of this the combined net profit has only varied from a high of \$48,236 in 1927 to

\$33,535 in 1933. The toilet goods department is much the more profitable. On statement D31 the details of expenses for the year 1933 are shown. Mention has already been made of the large number of demonstrators employed whose salaries are paid by or charged to suppliers and this has no doubt contributed substantially to the profitability of the operations.

Q. You have already dealt with the question of demonstrators?—A. Yes.

Q. And there are a number of them?—A. Yes.

Q. Your first item is Acetophen?—A. Cost, \$1.79; selling price, \$4.20; mark-up, 134.64 per cent.

Q. I observe another item of milk of magnesia?—A. Cost, \$2.12; selling price, \$4.68; mark-up, 120.75 per cent.

By the Chairman:

Q. What is that \$2.12?—A. Per dozen.

Mr. SOMMERVILLE: That is the 50-cent size of Phillip's milk of magnesia. It is called the 50-cent size.

By the Chairman:

Q. Would that be the 39 cent one they sold, or would it not?—A. Yes.

The CHAIRMAN: You say that cost 34 cents. There is something wrong there.

Mr. SOMMERVILLE: No, that would not be it.

The WITNESS: It would be a different lot. The date of the invoice was 29th September, 1933. The one which was referred to previously was advertised on the 14th of March, 1934.

The CHAIRMAN: But there would not be that difference.

By Mr. Factor:

Q. Was that a 50-cent bottle, the one which was advertised at 39 cents, or is it a different size? I mean the one purchased on the 14th of March, 1934? —A. I think that is the 50-cent size. On these invoices on the price spreads statements are free goods. The quantity shown is the total quantity, and has been figured out to a price per unit including the free goods, and in many cases there may be some. I can't tell offhand whether there were any free goods with that purchase, but there were with a lot of the purchases shown.

Q. The next item is quinine tablets?—A. Cost, \$1.50; selling price, \$3; mark-up 100 per cent.

By Mr. Ilsley:

Q. Just a minute, on that milk of magnesia. The Druggists' Association were asking that there be a maintained price. In that case, if the price were maintained, it would be maintained at 50 cents. This is the 50-cent size?—A. Yes.

Q. That was purchased by them at what, 16 or 17 cents a bottle?—A. It was \$2.12 laid down for a dozen of them, is that not right?—A. Yes.

Q. I don't know what that would work out to?—A. 17½ cents.

Q. If the price were maintained at 50 cents, you would have a heavy mark-up. What does that mean, 50-cent size?—A. The regular 50-cent size.

Mr. SOMMERVILLE: That is the description.

By Mr. Ilsley:

Q. What did that sell for, 39 cents?—A. The initial selling price was 39 cents. That is what it was marked.

Mr. ILSLEY: I was just trying to see how the maintained price would work out on that.

Mr. SOMMERVILLE: This is not a maintained price article. It is Phillip's Milk of Magnesia. There are some of them on here.

Mr. ILSLEY: The request was that there should be a maintained price. I suppose the maintained price would not necessarily be 50 cents.

Mr. SOMMERVILLE: No, because it would be in competition with other articles; and it being now in competition, it is less than 50 cents.

The WITNESS: The purchase on the price spread statement is from a different supplier than the purchase referred to previously as being sold for 39 cents, as against a laid down cost of 34 cents.

By Mr. Factor:

Q. But what I cannot understand, Mr. Adamson, the laid-down cost of the item of 14th March, 1934, is 34 cents and the laid-down cost in the price spreads statement D-28 is 17½ cents?—A. I think the reduction is on account of the free goods.

Mr. SOMMERVILLE: You see the free goods included would bring down the unit cost.

By Mr. Ilsley:

Q. Just at this point, do Simpson's have private brands?—A. No.

Q. I mean in drugs, any drugs?—A. No.

By Mr. Sommerville:

Q. Have they any lines made up for themselves?—A. They have no branded lines.

Q. Not necessarily calling it a brand but they will have their name, not calling it a fancy name but surely they make up something of their own?—A. I cannot tell you that; I do not think so.

Q. There are other firms that do.

By Mr. Ilsley:

Q. What I had in mind was, could you find out if they are charging a much greater mark-up on their brands than they were on standard brands; that was the evidence one day last week that that was the case in some chain or department stores, that they had private brands made up for themselves upon which they made a very heavy profit, and that on the standard brands—the national advertised brands—they charged a very little or no profit, or sold at a loss to entice the purchaser to the store whereupon they sold him their own private brand at a very great profit. Now, is there anything in this particular table, or anything in your investigation, to bear that out or to contradict it?—A. No, there is nothing to my knowledge to bear that out.

Mr. FACTOR: I think Mr. Wilkinson and Mr. Sparks referred to the chain drug stores.

By Mr. Sommerville:

Q. Then A.B.S. & C.?—A. Cost \$1.76, selling \$3.48, mark-up 97·73 per cent.

Q. Larvex Combinations?—A. Cost \$6.29, selling \$12, mark-up 90·73.

Q. Russian Oil?—A. Cost \$1.18, selling \$2.25, mark-up 90·68.

Q. Bayer's Aspirin?—A. Cost \$1.46, selling \$2.64, mark-up 80·82 per cent.

Q. Listerine?—A. Cost \$8.51, selling \$11.76, mark-up 38·19 per cent.

Q. That is three sizes?—A. Yes. Cost \$4.50, selling \$5.88, mark-up 30·67; cost \$2.36, selling \$3, mark-up 27·12 per cent.

Q. And the maintained gross profit was 39·59 after all mark-downs and shortages, etc?—A. Yes.

Q. Statement D-29 covers toilet goods, and generally speaking the mark-up is higher than on drugs?—A. Yes.

Q. I observe here triple compacts 150 per cent mark-up; single compacts 140 per cent mark-up; combs, 118·88 per cent mark-up; nail brushes, 110·14 mark-up; tooth brushes 107 per cent mark-up; vanity cases 87·90 per cent mark-up; Eau de Cologne 81·63 per cent mark-up. Then you get down to where you have a small mark-up, soaps; Lifebuoy soap with a 12 per cent mark-up, and Bath salts with a 41·03 per cent mark-up. The maintained gross profit for that department was 44·76 per cent after write-downs, stock shortages, etc?—A. That is right.

By Mr. Factor:

Q. What do you mean in this item that is marked 60 per cent, brushes, is that a loss leader, laid down cost \$3 selling price \$1.20?—A. Yes, it was sold at a loss.

By Mr. Sommerville:

Q. It is a loss leader on some kind of brushes, clothes-brushes, hat brushes?—A. There were several bought on the same invoice. The average mark-up was 50 per cent.

Q. Oh yes, some were 100 per cent and some were nothing.

Q. They averaged 50 per cent mark-up on these brushes?—A. Yes, on that particular invoice.

Q. Then take the groceries?—A. Statement No. D-32 shows the operating results of the groceries department for the past ten years. Until 1933 this department showed a loss, very substantial in the earlier years but decreasing over the period. In 1933 a small profit is shown. Sales in 1933 were approximately 50 per cent of those nine years previously, but the rate of maintained gross profit has shown a consistent increase. The maintained gross profit in this department is still, however, considerably less than the average for the whole store.

Q. That is, on the groceries there has been an increased maintained gross profit during these years?—A. Yes. On Statement D-33 is shown an analysis of the expenses for the year 1933, together with comparable figures of other allied departments.

Price Spreads:

The examination of price spreads was confined to a few items selected from the company's advertising during December, 1933, and January, 1934. On the nine items selected very low mark-ups were obtained and in one case (Surprise Soap) merchandise were sold at less than cost. Merchandise covered by this scrutiny included Roman Meal, Evaporated Milk, Soap Chips, Ketchup, Ammonia, and Granulated sugar. The merchandise manager of the store states that on occasions loss leaders have been featured in this department, but that more frequently advertised specials are offered at prices which yield the department a relatively low margin of gross profit.

Q. Well, the low margin may be so low as not to afford any profit if it were maintained on the same basis throughout the store?—A. Yes.

By Mr. Factor:

Q. We had a complaint about turkeys.—A. Reference has been made in the evidence to the retail price of turkeys. Purchases during the Christmas

season of 1933 were made at 19 cents and 20 cents a pound and were advertised to sell at 28 cents to 30 cents a pound.

Mr. FACTOR: That does not sound like a loss leader.

Mr. SOMMERVILLE: It was not a loss leader at Christmas; it was elsewhere and a month earlier than that.

The WITNESS: There is no evidence of it in this firm. That is the end of the Toronto store departments.

Mr. SOMMERVILLE: The next has to do with the Mail Order Department.

The CHAIRMAN: We have the wage schedule of the Toronto store. The mail order will not take so long. Go ahead, Mr. Adamson.

The WITNESS: The Toronto mail order business was conducted in connection with the Toronto store up until 1914 when the increase in sales volume necessitated its removal to a separate building on Front Street, and in 1916 the Mutual Street building was constructed primarily for the Toronto mail order business. In 1925 the Toronto mail order business was transferred to the Robert Simpson Eastern Limited which also operated the Halifax mail order division. A retail selling department is also conducted in connection with the Toronto mail order division.

The Halifax mail order division was started in 1919 to serve the Maritime Provinces, a separate company, "The Robert Simpson Eastern Limited," being incorporated to handle this business. A retail selling department is also conducted as part of the Halifax mail order department.

The Regina mail order division (The Robert Simpson Western Limited) was started in 1916 to handle the western Canada business and it also maintains a retail selling department.

All mail order divisions are under the management of a manager at Toronto and sub-managers of each branch are responsible to him.

The same merchandise is carried at all branches and the catalogues issued from each branch show the same lines of merchandise, the only difference in the catalogues being the prices, which in some cases are greater in the east and the west and in Northern Ontario to take care of increased shipping charges on merchandise purchased.

All contracts and purchases (with the exception of minor ones) are made for the three branches through Toronto. The usual procedure is to give placing orders to suppliers for a portion only of the estimated requirements of the season. Deliveries are made by suppliers from time to time as required and when the quantity specified in the placing order has been delivered and more is required, the repeat business usually goes to the original supplier. These repeat order prices sometimes vary in price from the original placing order, depending on the market conditions. No increase in the catalogue price is made during a season. Furniture placing orders are discussed under the furniture section later.

Generally, the merchandise handled is of a less expensive type than that handled in the retail stores and is sold largely to the rural trade. Fewer ranges of merchandise are available than in the retail store departments. Some of the suppliers of the Toronto retail store also supply the mail order section but generally because of the different class of merchandise handled, purchases are made from other suppliers.

By Mr. Sommerville:

Q. And does the price in the mail order section compare with the price in the retail store, generally speaking?—A. It is not the same merchandise.

Q. The goods do not compare; I presume the goods are cheaper quality?—A. Yes.

Q. And the prices are, therefore, a little lower?—A. Generally, yes.

By Mr. Factor:

Q. So you cannot compare the two?—A. I cannot, no.

Mr. SOMMERVILLE: We will get some information on that from Mr. Johnston, the merchandising investigator.

The WITNESS: *Shipping Charges.*

The company pays the shipping charges to destination on all goods shown in a catalogue, excepting in the West where the customer pays the freight charges on heavy goods from various warehouse points. Because of the increased shipping charges to points in northern Ontario catalogue price on heavy goods, such as furniture, etc., are higher than in southern Ontario, different catalogues being distributed in the two sections of Ontario, the only difference in the two sets of catalogues being the prices.

In setting the catalogue selling prices allowances are included for delivery charges. Most of the sales excepting heavy goods are shipped by parcel post.

The allowances included in the catalogue selling price are the parcel postage rates to the next province on the actual weight of the articles shown in the catalogue. Express charges are calculated in the same way for articles too heavy for parcel postage delivery. Reference is made later under "Furniture Department" to the allowances included for freight on furniture.

By Mr. Sommerville:

Q. The price in the catalogue is based upon or includes a delivery charge?—A. Yes.

Q. Although the customer is not required to pay delivery charges that is all embraced in the price?—A. Yes.

Q. And in fixing that price these delivery charges are taken into consideration and an arbitrary basis is arrived at?—A. Yes.

Q. The bases for fixing that are the parcel postage rates to the next province on the actual weight of the garment shown in the catalogue?—A. Yes.

Q. If, for instance, a person in Peterboro were buying something from Toronto by catalogue the article would include the price of delivery in the province of Quebec?—A. I think the parcel postage rate is the same.

Mr. FACTOR: What is the idea of that?

Mr. SOMMERVILLE: In order to arrive at an average; if there were different rates to different places what they may gain in one way they may lose in another, and they arrive at this common basis.

By Mr. Sommerville:

Q. Well, then, express charges are calculated in the same way?—A. Yes.

Q. They are arrived at on an average?—A. Yes.

Delivery charges for the year 1933 for the three branches are as follows:—

—	Toronto	Regina	Halifax	Total
Amount of delivery expenses paid.....	\$175,602	\$210,690	\$68,946	\$455,238
Percentage of delivery expenses paid to total expenses.....	16.44%	18.62%	16.52%	17.4%
Percentage of delivery expenses paid to total sales.....	6.25%	6.58%	6.35%	6.42%

Catalogues

The company issued two main catalogues each year, one for spring and summer and one for fall and winter; in addition a smaller mid-summer sale catalogue and a mid-winter catalogue are issued. During the past three years

an additional small catalogue has been issued each year in the early part of the year. A comparison of the average number of each catalogue issued in 1920, 1928 and 1933 is as follows:—

—	Toronto	Regina	Halifax	Total
1920.....	430,588	354,818	166,916	952,322
1928.....	479,972	359,308	152,460	991,740
1933.....	359,909	333,322	122,011	815,242

Mr. FACTOR: It shows a decrease from 1920 to 1933.

Mr. SOMMERVILLE: Yes, a very large decrease.

The WITNESS: The total cost of printing and issuing the catalogues in 1933 was approximately \$835,000.

By Mr. Sommerville:

Q. The catalogues of this business cost last year \$835,000?—A. Yes.

Q. And that is charged against the mail order department?—A. Yes.

Q. The expenses of the mail order department?—A. Yes. The catalogues are printed by Photo Engravers and Electrotypers Limited, who occupy a section of the Mutual Street building.

Q. Do they do any other business?—A. Yes.

Q. But they do all of this work for Simpson?—A. Yes. A very large percentage of the catalogues are distributed in the country districts. Approximately 11 per cent of the Toronto mail order catalogues are distributed in cities.

Outlet Losses

At the end of each catalogue season, merchandise which is not being carried forward with the next season's catalogue is disposed of to various sources, including outside dealers, the retail store and the retail section of the Mail Order Department. Losses on these items are shown separately in the departmental statements.

Advertising Allowances

Three suppliers contributed in total approximately \$1,100 in 1933 for advertising in the catalogues.

Order Offices

The business contributed by order offices and outside agents, in each of the branches has been referred to in the memorandum dealing with the Toronto store operations.

MAIL ORDER BRANCH RESULTS

An examination of the Comparative Profit and Loss statements of the mail order division shows that the sales have decreased very substantially during the past few years although in each of the branches the retail sections operated in connection therewith show an increasing sales volume; in 1933 the Halifax retail section sales volume was almost as large as the mail order division. Gross profit percentages to sales in general show some increase over the past few years, indicating that a higher mark-up is being obtained.

Q. A higher mark-up is being obtained in the mail order catalogues?—A. Yes.

By Mr. Ilsley:

Q. The mail order business of the whole of Simpson's is only half in 1933 what it was in 1920, just about exactly half; I do not think they are distributing nearly as many catalogues.

Mr. SOMMERVILLE: The percentage has increased from 42 per cent to 47 per cent in Toronto and from 45 per cent in Regina to 47·5, and in Halifax from 43 per cent to 47 per cent?

The WITNESS: Yes.

Mr. FACTOR: We have had complaints from retail merchants about this mail order business, but apparently these figures show that it is decreasing substantially.

Mr. SOMMERVILLE: Well, so far as this firm is concerned it is also being carried at a loss, which may be one of the most serious factors of competition.

By the Chairman:

Q. Well, at that point we might as well refer to them. The sheet MT-1 indicates that this business with the exception of four years since 1924 has been operating at a loss?—A. Yes.

By Mr. Sommerville:

Q. Since 1928 it has never shown a profit?—A. That is right.

Q. And the losses have been quite substantial in the earlier years?—A. MT-1 is Toronto, and MT-2 is Halifax.

Q. And the same condition prevails in Halifax with losses shown—A. Yes.

Q. And the same condition applies in Regina—A. Yes. In order to compare these, in the past five years these companies have contributed rentals to Simpsons Limited, the same as the Toronto store, and the results should be compared before the deduction of these rentals, and I have done that in the memoranda. The comparable figures are referred to in the next page of this memoranda.

The gross profits percentages on cost indicated above are after including in the cost of sales a percentage of the invoice cost for buying expense and after allowing for stock write-downs, stock shortages, outlet losses, etc. Each of the mail order branches has shown substantial net losses in the past four or five years although previously profits were shown at each branch. The loss of each branch was very much reduced in 1933 which is accounted for by:—

(a) An increase in sales over 1932.

(b) Increased gross profits.

(c) Decreased expenses.

By Mr. Sommerville:

Q. The losses of 1933 were not as heavy as the previous years?—A. No.

Q. And that is accounted for by, first, larger sales?—A. Yes.

Q. And then they had increased gross profits, that is increased mark-ups?—A. Yes.

Q. And then they had decreased expenses?—A. Yes, sir.

Q. Wages and other items?—A. Yes.

Q. These losses have been very substantial ever since 1929, the date of that reorganization?—A. Yes.

By the Chairman:

Q. Would that be due, in part, to the added burdens?—A. No.

Q. What would it be due to?—A. The value has decreased from \$5,500,000 in 1928 to \$2,800,000 in 1933.

By Mr. Sommerville:

Q. But you could not bring down your expenses gradually, there had to be rent paid, charges made to the company which held the buildings and that would add to the overhead or their expenses, would it not?—A. Yes. In this

particular case the rents are paid by the Toronto store to the operating company which in turn charges the Toronto mail order division with a portion of that. It amounts to about \$35,000 a year so that there is that difference which has not been shown separately on this Toronto mail order statement. To that extent the losses are that much greater.

The CHAIRMAN: But it is a very keen competitive system with the ordinary retail business which is being carried on at a very heavy loss. I think that is something that ought to be noted by the committee at this point.

Mr. ILSLEY: I think that is subsiding quite rapidly.

The CHAIRMAN: It is subsiding yet it occurs consistently for five years.

Mr. SOMMERVILLE: And the methods adopted to stop the decline of the losses may account for the keenness of the competition that is complained of.

Mr. ILSLEY: Yes, but it is accounted for in another way.

The WITNESS: The following statements dealing with the operations of the various mail order divisions are submitted:—

Comparative Trading and Profit and Loss Statements for the ten years 1924 to 1933 inclusive

- Statement MT- 1—Toronto Mail Order.
- “ MT- 2—Halifax Mail Order.
- “ MT- 3—Regina Mail Order.

Departmental Profit and Loss Statements for 1933

- Statement MT- 4—Toronto Mail Order.
- “ MT- 5—Regina Mail Order.
- “ MT- 6—Retail Section of Regina Mail Order.
- “ MT- 7—Halifax Mail Order.
- “ MT- 8—Retail Section of Halifax Mail Order.

Schedule of Departmental Expenses for 1933

- Statement MT- 9—Toronto Mail Order.
- “ MT-10—Regina Mail Order.
- “ MT-11—Regina Retail Section of Mail Order.
- “ MT-12—Halifax Mail Order.

Toronto Mail Order Division—(Statement No. MT-1)

The total sales increased from \$4,985,929 in 1924 to \$5,532,454 in 1928 but had decreased to \$3,008,243 in 1933. The volume of retail sales at the Toronto mail order branch is small. The net results are summarized as follows:—

1924..	\$193,643
1925..	470
1926..	79,403
1927..	235,636
1928..	32,816
1929..	312,598
1930..	88,493
1931..	181,162
1932..	470,590
1933..	171,580

Black figures—profits.
Italic figures—losses.

Halifax Mail Order Division—(Statement MT-2)

This is the smallest unit of the mail order organization; the highest sales volume being in 1929, \$2,521,539. Sales in 1933 were \$1,949,673 of which retail sales amounted to \$864,771. Comparable results for ten years, before rentals paid to Simpsons Limited and before income taxes, bonuses, etc., are as follows:—

1924..	\$ 41,262
1925..	31,147
1926..	78,503
1927..	50,691
1928..	13,716
1929..	3,531
1930..	22,971
1931..	70,651
1932..	123,115
1933..	10,747

Black figures—profits.

Italic figures—losses.

Regina Mail Order Division—(Statement MT-3)

Total sales increased from \$5,819,969 in 1924 to a high of \$6,981,296 in 1927 and has decreased to \$4,179,853 in 1933. The retail section sales, however, increased from \$478,143 in 1924 to \$979,477 in 1933. Comparable net results for the ten years (before rentals charged by Simpsons Limited in the past five years and before income taxes, bonuses, etc.) are as follows:—

[illegible]

Black figures—profits.

Italic figures—losses.

The CHAIRMAN: I think this is a point where we will stop, gentlemen, we will meet to-morrow morning at 11 o'clock.

The committee adjourned at 6 p.m. to resume on Friday, 8th June, at 11 a.m.

HOUSE OF COMMONS,

June 8, 1934.

The special committee appointed to enquire into price spreads and mass buying met at 11 a.m., the Hon. H. H. Stevens, presiding.

The CHAIRMAN: Order. The minutes of yesterday's meeting indicate the witness being heard and certain exhibits filed. We will order the minutes approved as presented.

G. A. ADAMSON, examination resumed.

By Mr. Sommerville:

Q. Departmental investigations in the mail order department you were proceeding with.—A. Yes. Certain of the items shown in the Spring and Summer 1934 Toronto catalogue were selected at random for investigation as to cost and price spreads.

Q. That is, in order to ascertain the spread in cost in the catalogue articles you investigated certain departments. Placing orders on these items and invoices covering shipments against the orders were examined and statements have been prepared by departments showing the description of the articles selected, the catalogue number, the laid down cost, the catalogue selling price and the mark-up on cost. On these price spreads statements are also shown the comparative mark-ups on cost of those items which were also investigated at Regina. The investigations at Regina were confined to a comparatively small number of items. In addition, comparative ten-year statements of the operations of each of the departments selected were prepared. These comparative departmental statements show the results at each of the three branches, Toronto, Regina, and Halifax (where the same segregation of departments is made) and also the total results of the three branches.

A list of the departments investigated along with a reference to the statements submitted on each is given below:—

Department		Reference Number of comparative operating Statement	Reference Number of Price Spreads Statement
Number	Name		
37	Furniture.....	M0- 2	M0- 1
35	Men's Clothing.....	M0- 4	M0- 3
39	Men's Furnishings.....	M0- 5	
38	Boy's Clothing.....	M0- 6	
40	Ladies Shops.....	M0- 8	M0- 7
42	Men's Shoes.....	M0- 9	
44	Rubber Footwear.....	M0-10	
41	Children's Shoes.....	M0-11	M0-12
17	Ladies' Dresses.....	M0-13	
25	Ladies' Suits and Blouses.....	M0-14	
27	Women's House Dresses.....	M0-15	M0-17
24	Whitewear.....	M0-16	
28	Ladies' Underwear.....	M0-18	
16	Women's Hosiery.....	M0-20	M0-19

The gross profit percentages on cost as shown on the departmental statements are after deducting stock write-downs, stock shortages, outlet losses, and are after including in cost of sales an allowance for buying expenses (usually 1,

1½, or 2 per cent of invoice cost). The write-downs, outlet losses, etc., vary from year to year, and this variation is responsible to some extent at least for the fluctuations in gross profit percentages. No such allowances have been made in arriving at the mark-up percentages on the various items listed on the price spreads statements.

The following comments are made upon the various departments enquired into:—

By Mr. Sommerville:

Q. In your price spreads that you have set out on these departments, these spreads have given credit for or rather are arrived at after deducting something for expenses?—A. No, not in the price spreads statements, in the operating results.

Q. In the operating results, but in the price spreads statements they are invoiced plus?—A. Plus sales tax and freight.

Q. Plus sales tax and freight?—A. Yes. Do you want me to discuss the furniture department first? We cannot discuss the price spreads very well without that.

Q. Let us have the narrative first.—A.

Blanket Orders—Toronto Division

The company places "blanket" placing orders with its furniture suppliers many weeks before the catalogues are issued. The following are extracts from one of these blanket orders. Similar notations appear in all of these orders:—

Blanket order only.

This is not an order but an estimated list of the quantities we think will be required for our new Spring and Summer catalogue.

The above is only an estimated list of the quantities we think will be required for our new Spring and Summer Catalogue. Kindly see that quantities are in stock by January 1st or earlier so that prompt shipments will be made to our customers. Our catalogue number to be placed on each piece. It is also understood that the above prices will hold good for any additional quantities required during the life of the said catalogue.

Q. That means, that in connection with their mail order business they do not order a definite number of articles; they give an estimated statement of what they think they will require?—A. Yes. That is on furniture.

Q. And the manufacturer then has to manufacture these articles in the hope that the expectations of the firm may be realized?—A. Well—

Q. And if they are not realized the goods are not bought?—A. The furniture manager informs us that they always take the full quantity, even if they have to carry it forward to the next catalogue.

Q. We have had some complaints that the estimated amounts have not been taken?—A. I cannot tell you that.

Q. At any rate, these are not orders, they are what are called "blanket orders"?—A. Yes, sir.

Q. And do not obligate them to take the quantities unless they sell them?—A. That is right.

Q. But if they do sell them all renewals or additional quantities must be given at the same price?—A. Well, there is that stipulation in the blanket order.

By Mr. Young:

Q. Does that rule apply both ways whether the price goes up or down the price will be the same?—A. I think quite frequently there are adjustments as between the manufacturer and the company.

The company (Simpsons) does not take delivery of any of this furniture and pay for it only as and when orders are received from customers; as orders are received a specific order is forwarded to the manufacturer who ships the furniture direct to the customer, freight prepaid, and he then invoices the Simpson Company for the shipment made. The amount of the freight paid is included in the invoice to the Simpson Company.

The manager of the department states that if the number of articles for which a blanket order has been given are not sold in the season, the company carries the line forward into its next catalogue. In some cases adjustments of prices may be necessary with the manufacturer.

By Mr. Edwards:

Q. You say they pay freight. That applies to the Toronto store, of course, but it does not apply to the Maritimes. Do they not carry any stocks at all down there?—A. This is only dealing with Toronto. I am going to deal with Halifax and Regina next.

Regina and Halifax.

Two large suppliers maintain warehouses in Winnipeg, Regina, Saskatoon, and Edmonton, and one of them also maintains a branch at Calgary. Warehouses are also maintained at Montreal. Goods supplied by these manufacturers are stored at these warehouses until required by Simpsons. The following is an extract from a notation appearing on the purchase orders issued to these manufacturers:—

Quantities of the above must be on hand in your warehouses in Winnipeg, Regina, Saskatoon, Calgary, Edmonton by _____ or earlier. It will be also necessary for you to have stock of all these lines in Toronto and Montreal by same date so that prompt shipments can be made to our customers.

By Mr. Sommerville:

Q. Then these suppliers have to have the quantities on hand at all these branches?—A. Yes.

By Mr. Young:

Q. Where they are dealing with individual merchants would they have to have them just the same, if they are selling furniture to individual merchants would it be necessary to carry stocks to supply their orders the same as they do to supply Simpsons?

Mr. EDWARDS: A merchant buys his own; he carries his own.

Mr. YOUNG: He never sends in any hurry-up orders.

By the Chairman:

Q. Might I put the question this way: As far as you know, Mr. Adamson, this is an actual service given to Simpsons because of the quantities they buy?—A. I do not know whether the other suppliers obtain furniture from these warehouses or not.

Mr. FACTOR: We are not discussing mail order business now.

Mr. EDWARDS: I do not think it is customary to carry furniture. It is true of other heavy goods.

By Mr. Heaps:

Q. Is this a mutual arrangement between the Simpson Company and the manufacturer?—A. I do not know what the arrangements are.

By Mr. Young:

Q. These warehouses are not maintained for Simpsons exclusively, or are they?—A. I do not know. I imagine they supply other stores as well.

The CHAIRMAN: We will find that out from Fessenden when he comes on.

The WITNESS: Purchases from other manufacturers, however, are delivered to the Company's warehouses at Regina and Halifax.

By Mr. Sommerville:

Q. These firms you refer to have branch warehouses, but other manufacturers deliver them to the company's warehouses at Regina and Halifax?—A. Yes. The Simpson Company pays the freight on shipments to the western warehouses where the furniture is stored, either the company's own warehouse or that of the two manufacturers who maintain warehouses at various points. Unlike the policy in Ontario and in the east, the western customers pay the shipping charges from these warehouse points to destination points.

Q. In other words, the furniture is sold f.o.b. in the west?—A. Yes.

Q. And the purchaser must pay the freight on it?—A. From the warehouse point.

Q. And in eastern Canada the furniture is sold delivered at the station?—A. That is right.

Q. And is included in the price?—A. Yes, an allowance is included in the price.

By Mr. Young:

Q. That is what I was going to ask, whether it is sold f.o.b. from point of shipment; the delivery price, that is merely an adjustment in the price, is it not?—A. Yes, there is an allowance in the price for freight.

By Mr. Sommerville:

Q. What is the difference in the price at which the furniture is sold in the west and in the east, or is there any difference?—A. Yes, I am just coming to that.

Catalogue Prices.

All freight charges on furniture shipped to customers are paid by the company excepting in the west where the freight charges from the warehouses there are paid by the customers. An allowance is included in the catalogue price to cover freight. This freight allowance is arrived at by taking the shipping charges to a number of representative points and averaging these amounts. The difference in the northern Ontario and the Southern Ontario price is represented by this difference in freight allowances. Purchases may be made on extended terms at no extra charge.

Q. When you say freight allowances are allowed in the catalogue selling price you mean by that, that the catalogue selling price is reduced by an arbitrary amount arrived at in the manner indicated to cover freight?—A. There is an allowance in the catalogue price to cover the estimated freight.

Q. I am talking about the west now where the purchaser pays the freight?—A. The company has to pay the freight from the manufacturer to the warehouse point in the west, and an allowance is included for that freight in their western prices.

By the Chairman:

Q. When you say an "allowance" you mean an addition to the price?—A. Yes.

Q. An allowance indicates as if it were a deduction, but it is an addition to the price?—A. Yes.

By Mr. Edwards:

Q. In either case, I presume the purchaser really pays the freight?—A. Yes.

Q. Where Simpson's pay it, it is included in the price?—A. Yes.

Q. And where they do not pay it, there is an allowance?—A. Yes.

Q. Or the manufacturer pays it, if he makes his arrangement that way?—

A. No, the manufacturer does not pay the freight. The manufacturer in Ontario, in shipments in Ontario, pays the freight on the furniture shipped to the customer, who bills the company for that.

By Mr. Sommerville:

Q. Will you continue?—A. Examples of price spreads: Orders were examined on a number of items in the spring and summer 1934 catalogue (Toronto) which were picked up at random. An invoice covering a shipment on each of these orders was then examined and from this information statement No. MO-1 was prepared. On this statement is listed a description of the furniture, the name of the supplier and the catalogue price (along with a notation of the average amount included in the selling price for freight), the details of the blanket order and the details of the invoices supplied on each of these orders. Also shown is the amount of the gross profit before freight, the amount of the gross profit after allowance for the average freight and the percentage of this gross profit on cost, the amount of the gross profit after allowance for the actual freight paid on the particular shipment listed and the gross profit percentage thereof on cost.

This statement shows gross profit percentages on cost (calculated by using the average freight allowances) ranging from 44·82 per cent to 64·06 per cent.

Q. These allowances or gross profit percentages on catalogue or mail order furniture range from 44·82 per cent to 64·06 per cent?—A. Yes. Principal Suppliers: Many of the large suppliers of the Toronto store also supply the Mail Order Divisions. Of purchases in 1933 for the Toronto Mail Order division totalling approximately \$150,000, three manufacturers provided \$115,500 as follows.

Q. You need not name them, but just indicate the amount.—A. One firm, \$32,000; another firm, \$32,000, and another firm \$51,500.

Q. The largest supplier of case goods was from Quebec; the largest supplier of upholstered furniture from Ontario, and the largest supplier of bedding from Ontario?—A. Yes. The next paragraph we have already dealt with.

Q. We will leave that, and go to the next one?—A. Yes. Comparative Operating statements: Statement No. MO-2 shows the comparative operating results of the department for each of the three branches, Toronto, Regina and Halifax, and also the combined results for the six years 1928 to 1933 inclusive. This statement shows that sales were substantially greater in 1933 than in 1932 and the gross profit percentage on cost of sales was very much higher in 1933 for all three branches than in previous years, the average over the three divisions being 62·50 per cent. The following summary of these gross profit percentages shows the increasing mark-up being obtained: In 1928, 47·29 per cent; 1929, 43·65 per cent; 1930, 44·51 per cent; 1931, 51·50 per cent; 1932, 56·02 per cent; 1933, 62·50 per cent.

Q. That is, from 1929, the gross profit on furniture—which indicates the mark-up—has increased from 43·65 per cent to 62·50 per cent—A. Yes.

Q. That is an increase of 19 per cent?—A. Yes.

Q. Indicating the increased mark-up that has been charged on mail order furniture?—A. Yes. The gross profit figure, and the percentages shown are before allowance for freight, which is included in the expenses shown on the statement. On the price spreads statement, there is an allowance included for freight, so the figures are not quite comparable.

(Statement MO—1 printed in previous day's record (No. 48).)

Q. Looking at statement MO- 1, the price spreads statement on furniture, you have 25 chesterfield suites as the first item?—A. Yes.

Q. First, the initial cost was what?—A. \$46.50; the sales tax is \$2.37. The actual freight was \$11.22 on this particular shipment, a total of \$60.09.

Q. The gross profit before freight was what?—A. \$37.63.

Q. And that meant a mark-up of what?—A. That has not been calculated. The gross profit after allowance for actual freight was \$43.95 per cent, after average freight it is 49.47 per cent.

Q. Those were shipped to northern Ontario?—A. Yes.

Q. And because of that, this particular item of freight was charged?—A. Yes.

Q. And the gross profit, after allowance for average freight in that instance, was 49.47 per cent?—A. Yes, that is right.

By Mr. Heaps:

Q. Have you got the price of the same article a few years previously?—A. No, I have not.

By Mr. Sommerville:

Q. What is the next one?—A. Another chesterfield suite item.

Q. Eight chesterfield suites?—A. Yes. The total laid-down cost, including actual freight, \$88.68; the selling price was \$139.50.

Q. These were shipped down to Mr. Boulanger's country, to Gaspe, in Quebec?—A. Yes. Gross profit after allowance for actual freight was 52.23 per cent; and the gross profit including average freight was 55.21 per cent.

Q. That is, the gross profit there was 55.21 per cent with an average freight?—A. Yes.

Q. What is next?—A. Shall I read every one?

Q. There are a few more of these. Here is one to Almonte, Ontario?—A. Three piece chesterfield suite. The mark-up, including actual freight, was 51.54 per cent; with the average freight, 55.09 per cent.

Mr. ILSLEY: You have given the Kirkland Lake one.

By Mr. Sommerville:

Q. Yes. Give us Almonte?—A. I am sorry. 55.35 per cent with actual freight and 55.92 per cent with average freight.

Q. 55.35 per cent gross profit after allowance for actual freight?—A. Yes.

Q. Here are some case-goods. Take occasional arm chairs, the initial cost?—A. \$4. The total cost was \$5.14.

Q. Yes, including freight?—A. Yes. Gross profit after allowance for actual freight, 41.05 per cent; and with the average freight, 46.46 per cent.

Q. Here are 100 nine piece solid walnut dining room suites for \$60?—A. Yes. Total laid-down cost was \$76.08, including the actual freight on the particular shipment. Gross profit after allowance for actual freight was 47.87 per cent.

Q. The gross profit before freight was what?—A. \$48.90.

Q. The initial cost was \$60?—A. Yes.

Q. \$48.90 on \$60 before freight?—A. Yes.

Q. Then the gross profit after the average freight was what?—A. \$39.90.

Q. \$39.90 for the distribution of a \$60 set of furniture?—A. Yes. The percentage of gross profit, including the average freight allowance, was 54.96 per cent; and on this particular shipment, including the actual freight, was 47.87 per cent.

Q. It was reduced because the distance was longer than the average freight?—A. Yes.

Q. Take the next one. Here are 35 four piece bedroom suites?—A. Yes. The total laid-down cost, \$64.64, included \$7.40 prepaid freight. This is to Kirkland Lake, Ontario.

Q. This is to Kirkland lake, which is a long haul, is it not?—A. Yes.

Q. And on that the mark-up was what?—A. 54·70 per cent including actual freight; including average freight, it was 54·47 per cent.

Q. Take the next one, a nine piece dining-room suite, solid oak, Jacobean old English brown. The initial cost is what?—A. \$65. Total cost \$71.11, which included prepaid freight. The gross profit after allowance for average freight was \$39.68; percentage to cost 53·03 per cent. The gross profit after allowance for actual freight was \$43.39, or a gross profit percentage to cost of 61·02.

Q. The significance of these gross profits will become more apparent when old English brown. The initial cost is what?—A. \$65. Total cost \$71.11, which these things were made, and the amount that the manufacturer got out of the transaction. Take the last one on the page, 4 piece bedroom suite, genuine walnut veneer?—A. Total laid-down cost, \$51.35; gross profit after allowance for average freight, \$28.18, a mark-up of 50·94 per cent. The gross profit including actual freight was \$32.15, a mark-up of 62·61 per cent.

Q. That is, after an allowance for average freight, a \$28 mark-up on \$51 laid-down cost?—A. Yes.

Mr. YOUNG: What is the meaning of this expression, "Birch-walnut"?

Mr. SOMMERVILLE: That is a transformation, I think.

Mr. HEAP: Birch finished with walnut.

Mr. YOUNG: How is that sold, as walnut?

The CHAIRMAN: Birch turned into walnut.

Mr. SOMMERVILLE: It is given a walnut finish.

The WITNESS: This is a wrong description.

The CHAIRMAN: It is quite honest. It is called "Birch-walnut."

By Mr. Sommerville:

Q. Take the last one. Here are 100 dressers.—A. Laid down cost, \$7.93; gross profit after allowance for average freight is \$4.61 or 58·43 per cent; after allowance for actual freight, it was \$4.57 or a percentage of 57·63 per cent to cost.

Q. What does this mean? There is a figure on this, 100 at \$6.25, later revised to \$6.50?—A. \$6.25 was the original price and it was later changed to \$6.50.

Q. The price to the manufacturer?—A. Yes.

Q. And on that \$6.50 initial cost the profit was \$4.61?—A. Yes.

Q. Then for the whole year the gross profit on this department as a whole, after stock write-down, stock shortages, etc., was 67·37 per cent on cost at Toronto?—A. Yes.

By Mr. Factor:

Q. Have you got a statement of the net profit of that department?—A. Yes. That is the next statement.

The CHAIRMAN: That is MO- 2.

Mr. SOMMERVILLE: Have you got MO- 2 there?

Mr. ILSLEY: No.

By Mr. Sommerville:

Q. Is that statement MO-2 printed?—A. I think none of these departmental statements are printed.

Q. What does it show on the furniture?—A. The net profit for last year was \$14,090 in the three divisions, the total furniture.

Q. The total furniture departments of the three branches?—A. That is shown on statement MO-2.

By Mr. Young:

Q. Is that a profit of \$14,090 in each of the branches?—A. No, in total.

Q. \$14,090?—A. Yes.

By Mr. Sommerville:

Q. After interest, depreciation, management and all other items had been charged off?—A. Yes.

By Mr. Young:

Q. What was the turnover; the total sales?—A. \$445,000.

Mr. FACTOR: What I cannot understand is the large gross profits and the small net profits?

The WITNESS: On all these statements of the company the rent is included in the expenses, and so are the catalogue expenditures.

By Mr. Sommerville:

Q. All of the catalogue expenditure; then you have the overhead, the interest, the depreciation, and all these items that go into the general office system?—A. Yes.

By the Chairman:

Q. I think what Mr. Factor says is very pertinent. I think we must keep constantly in mind in looking at the net profits of any of these departments the fact that these great charges have been made before that net figure is arrived at; which constitutes, of course, a very handsome profit on the general business. As a matter of fact, I would like to put to Mr. Adamson this question: apart from the facilities for the management knowing how the particular department operated, would it not be very much better if the statement showed the profits that were made before interest charges or depreciation were added at all; and then the interest, depreciation and such-like charges taken off the general statement?—A. That could be easily determined from the company's statement.

Q. The object is merely to show how each department is turning out in its relation to the whole business?—A. Yes.

By Mr. Sommerville:

Q. I presume you could tell us very quickly what was the total interest charged to the department for the year.

The CHAIRMAN: I do not want you to do it now, I am merely indicating a point I think we might develop.

The WITNESS: It is shown in detail on the trading statements for each business.

The CHAIRMAN: I know that.

By Mr. Sommerville:

Q. Take for instance the point that was raised by Mr. Factor; there was a loss of \$44,000 in the furniture, in this department?—A. Yes.

Q. Now, the gross margin on that; after write-downs, stock shortages, outlet losses, employees discounts and miscellaneous adjustments, the total gross profit was \$171,134 on \$444,000 of sales?—A. That is right, that is before including rent.

Q. Without having anything to do with freight, or the charges for advertising, management, office, interest, rental or any of these charges?—A. That is right.

Q. And that gross profit represented a profit of 67.37 per cent on sales?—A. Yes, on the cost of sales.

Q. On the cost of sales; and in Regina it was 50·44 per cent on the cost of sales; and in Halifax it was 69·14 per cent; or an average total of 62·5 per cent?—A. That is right.

Q. Then, against that charges have been made by head office of \$157,044?—A. That is right.

Mr. YOUNG: Can these charges be broken into all their details?

Mr. SOMMERVILLE: They can be, I have no doubt.

The WITNESS: I haven't that here.

By Mr. Young:

Q. I would like to know how much of these charges are necessary?—A. The statement of the mail order division as a whole shows the break-down between interest, depreciation and other expenses.

The CHAIRMAN: We have had that, Mr. Young, on every department so far, and it has been reported; and we will do it now in the mail order department as a whole.

By Mr. Sommerville:

Q. Here you have the mail order department as a whole, I think you have a copy of MT-1, wasn't that printed?—R. Yes it was.

Mr. FACTOR: The whole question arises as to whether this mail order business is carried on efficiently, when you consider the gross profits of \$171,000, and \$157,000 for expenses. We should analyse that.

The CHAIRMAN: You will recall that yesterday we referred to MT-1.

Mr. YOUNG: I didn't think we had it.

Mr. SOMMERVILLE: I think it is printed.

The CHAIRMAN: Yes, statement MT-1 is printed, you have it there among your printed statement.

The WITNESS: Statement MT-1 shows the details of the various department expenses for 1933.

Mr. SOMMERVILLE: I think you have that.

Mr. HEAPS: Can you tell us what percentage of the gross sales that was in the mail order department: that is, the expenses chargeable to the department?

The CHAIRMAN: \$157,000.

Mr. HEAPS: As against what?

The CHAIRMAN: \$444,000.

Mr. SOMMERVILLE: That is about 33½ per cent.

Mr. HEAPS: Yesterday we had the figures of the shirt department which worked out at about 18 per cent.

The WITNESS: No, it was more than that.

Mr. SOMMERVILLE: Have you MT-1 there?

Mr. YOUNG: Yes.

Mr. SOMMERVILLE: Now, if you look at statement MT-1 you will find the total sales.

Mr. HEAPS: How does that compare with the shirt department?

The WITNESS: I do not think they are comparable, because the freight in the furniture, and in the other departments, too, is shown as an expense.

Mr. SOMMERVILLE: But they did not bear that amount of relationship more than the shirts; here we have it.

The CHAIRMAN: What number is that?

Mr. SOMMERVILLE: D-22.

By Mr. Sommerville:

Q. We had in men's shirts sales of \$509,101, and we had charged against that expenses of \$152,000 a gross profit of \$154,921?—A. Yes.

Q. And the amount against that charge as expenses is \$152,135?

Mr. HEAPS: Against the total takings of \$509,000.

The CHAIRMAN: Slightly under 30 per cent.

Mr. ILSLEY: That is what, the mail order, or the retail store.

By Mr. Sommerville

Q. No, that was the mail order; but, as Mr. Adamson points out, one cannot compare that with the mail order because freight is charged as an expense; and the mail order on MT-1, on that you will observe that the total sales in the mail order were \$3,008,243?—A. That is the profit of the mail order divisions, I have got it for each division.

Q. You have not got it consolidated?—A. Not for the mail order section.

Q. Well, probably this one statement will give us the principle, that \$3,008,243 is total sales?—A. Yes.

Q. And the cost of these sales, \$2,056,312 left a gross profit of \$951,913; on total sales of \$3,008,243?—A. That is right.

Q. Which represented?—A. 46.29 per cent of cost.

Q. And then the expenses are deducted from that?—A. From the gross profit.

Q. The gross profit of \$951,931?—A. Yes.

Q. And these expenses include depreciation on fixed assets?—A. In the next column, the next column is expenses including depreciation.

Q. The next column, yes. I am giving down here the details of the expenses charged against the mail order which were \$1,052,291, without depreciation and interest; and that would show a loss on the department of \$100,360?—A. That is right.

Q. And then there is the depreciation on fixed assets of \$113,637; and then there is the deduction of interest charged to the mail order of \$140,987; increasing the loss to \$154,624. Then there is a net departmental loss—no, then there is another item of interest?—A. That is the same interest item, interest added back; the figures \$154,624 is a departmental result after including the interest charge, in order to arrive at the profit or loss of that section of the company, the mail order company as a whole, interest is taken back into revenue.

Q. Interest is taken back into revenue?—A. Yes. That is the same interest as shown there, \$40,987.

Q. That reduces the loss to \$114,000?—A. Yes.

Q. And then you add?—A. Miscellaneous adjustments.

Q. Miscellaneous adjustments, \$57,000?—A. Yes.

Q. That increased your loss to \$171,580?—A. Yes.

Q. I do not know what miscellaneous adjustments might cover; I beg your pardon, I see it is miscellaneous revenue less expenses; what is the nature of that?—A. I will have to get that for you.

Q. That leaves your loss at \$171,580?—A. Yes.

Q. And then you deduct from that the provision for income tax, you had \$1,290 income tax?—A. Yes.

Q. And that leaves your net loss as \$172,870?—A. That is right.

Mr. FACTOR: The surprising thing in this statement is that it cost them \$1,052,000 to do business on goods which only cost them \$2,056,000.

Mr. SOMMERVILLE: Yes.

The WITNESS: The catalogue expenditure is great, \$850,000.

By Mr. Sommerville:

Q. And the catalogue expenditure alone amounts to over \$850,000?—A. That is for the three branches.

Mr. FACTOR: What would be the branch portion of that?

Mr. HEAPS: Mr. Sommerville, I wonder if you could have the percentage of the cost of the departments according to the gross revenue of the departments, what it takes to do business.

The CHAIRMAN: That is here.

The WITNESS: The catalogue expenditure in the Toronto division in 1933 was \$352,400.

By Mr. Sommerville:

Q. In other words, the catalogue added approximately $17\frac{1}{2}$ per cent to the cost of the goods purchased; if the goods purchased were \$2,000,000, and the catalogue cost was \$350,000, that is an addition of approximately $17\frac{1}{2}$ per cent?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. Does this statement MT-1 mean that during the years 1929-1933 inclusive for each year the Toronto Mail Order section of this company suffered the losses indicated?—A. With the exception, as I explained yesterday, of the amount charged by the Toronto store, by the Robert Simpson Company, as the operation rentals paid to Simpsons Limited, it does. There is about \$35,000 a year which is not shown on this statement represented by rentals to Simpsons Limited.

Q. Well, in your opinion, does that result as shown here correctly reflect their operation?—A. Except for the \$35,000.

Q. And that they would continue to operate this department for a period of years each year at a substantial loss?—A. They have. These are their own statements.

Q. Yes, but whether it is a loss or profit will depend quite a lot upon book-keeping.—A. That is the only adjustment which might be made.

Q. It seems incredible to me that a company would continue to operate all these years showing a substantial loss if it were, in fact, a loss.

Mr. NASH: Mr. Kennedy, in the first place that occurred in 1930. Up to that date it operated at a profit.

Mr. KENNEDY (Winnipeg): In 1925 it showed a loss.

Mr. NASH: A small loss. The loss in 1929 was \$322,000, and that was reduced to \$82,000, then increased to \$175,000, and then \$472,000.

Mr. KENNEDY (Winnipeg): Let me draw your attention to these figures, going back to 1924 profits as compared with losses:—

1924 shows a profit of \$154,000
1925 shows a loss of \$10,000 odd
1926 shows a profit of \$45,000 odd
1927 shows a profit of \$80,000
1928 shows a profit of \$2,000
1929 shows a loss of \$322,000
1930 shows a loss of \$182,000
1931 shows a loss of \$175,000
1932 shows a loss of \$472,000
1934 shows a loss of \$172,000

I am not questioning the figures so far as book-keeping is concerned, but it does seem to me incredible that an astute business concern would continue to operate all these years at such losses, and the thought that comes to me is that

this cannot properly reflect their business operations in these departments. I do not say from a book-keeping point of view but from an actual point of view.

Mr. NASH: Generally the big loss in 1930 was largely due to the closing of order offices.

Mr. YOUNG: Most businesses have been losing money in the last four years.

Mr. SOMMERVILLE: If they have heavy overheads and they cannot get them down that is true.

The WITNESS: The expenses for 1933 are shown on MT-9. I do not know whether these were printed or not.

By Mr. Sommerville:

Q. I will read these headings, this refers to the departments in the mail order?—A. This is the total of the direct expenses.

Q. It shows what are the direct expenses, and it shows:—

Merchandise wages.. . . .	\$ 96,543
Buying expenses.. . . .	23,812
Supplies and printing.. . . .	11,387
Sundries expenses and postage.. . . .	32,249
Interest on stock.. . . .	30,054
Capital expenses.. . . .	352,406
Prepaid mailing expense.. . . .	175,602
Time payment reserve for bad debts.. . . .	18,000
Sundry expenses.. . . .	17,819
Rent.. . . .	43,537

or a total of these direct expenses of \$801,417.

Mr. YOUNG: There is an item in there of “interest on stock.”

Mr. SOMMERVILLE: That is interest on the average inventory from time to time of the stock that is carried in the mail order department.

Mr. YOUNG: I thought all these interest charges were taken care of.

Mr. SOMMERVILLE: Oh, no; every department has charged to it a direct charge.

The WITNESS: Statement MT-4, details of the direct expenses are carried forward \$801,417, and in addition, supervision, administrative and order offices expense of \$290,000 are added.

By Mr. Sommerville:

Q. In addition to \$801,417 you have added \$290,386 for supervision, administration and order offices expense.—A. Yes.

Q. I understand, for instance, that in this business half of the salary of the manager of a department is charged to the buying expenses?—A. Yes.

Q. So that his salary is divided between a buying service and a selling service?—A. Yes.

Q. And one-half goes through the buying expense department?—A. Yes.

Q. The buying expense department absorbs that proportion of his salary?—A. Yes.

By Mr. Kennedy (Peace River):

Q. Have we a statement anywhere of the salaries paid?—A. Yes.

By Mr. Ilsley:

Q. “After charging interest on the stock MT-9,” that is the stock employed in the mail order department?—A. Yes.

Q. I am like Mr. Young. I thought that was included in the 6 per cent that was charged on the capital employed?—A. No, there are various charges for interest. One is the interest on the stock which is not included in the rent charged to the department. There is interest on the capital employed which is included in the rent charged to the department.

Q. What else does the rent include?—A. Building maintenance and depreciation.

Q. Oh, that is all included in the 6 per cent?—A. No. The business which is included in the rent is based on 6 per cent, arrived at by taking approximately 6 per cent on the capital employed. That is an arbitrary basis.

By Mr. Somerville:

Q. And you add to the 6 per cent?—A. A proportion of the building maintenance.

Q. And you add a proportion of your depreciation?—A. Yes, and that forms the rent.

By Mr. Ilsley:

Q. Then after you have that you have certain other items?—A. Interest items, interest on the stock, on the inventory.

Mr. SOMMERVILLE: So that one sees the buildings are carried by these charges divided in this manner against merchandise.

By Mr. Ilsley:

Q. It is not called interest in your statement here, is it? It is called indirect expenses.

Mr. SOMMERVILLE: It is called administrative.

The WITNESS: It depends on which statement you are referring to.

By Mr. Ilsley:

Q. Those ones we saw yesterday; you added a statement showing the direct expense and the indirect expense?—A. I can only speak with respect to the departments we enquired into. This is the Toronto store, but in the comparative ten year statement we have not done that so that there is a variation in the distribution of expenses.

Mr. SOMMERVILLE: What Mr. Ilsley has in mind is shown exactly in Statement D-31.

Mr. ILSLEY: That is what you mean by rent, is it?

Mr. SOMMERVILLE: Indirect expenses consist of, in this particular department, the drug department, building maintenance, taxes and insurance \$18,696; depreciation on buildings and equipment \$6,604.

The WITNESS: Which would be in rent in the company's books.

By Mr. Sommerville:

Q. Which would all be included in rent?—A. Yes.

By Mr. Ilsley:

Q. Those two items would?—A. Both, depreciation and interest on investment, a portion of the interest on the investment.

By Mr. Sommerville:

Q. Amounting to \$30,117?—A. Yes.

Q. A portion of that would be included in rent?—A. Yes.

Q. The other portion being included as interest?—A. On the inventory in miscellaneous expenses.

By Mr. Factor:

Q. Mr. Adamson, may I put it this way: In calculating the net profit of a department in the mail order branch what items are deducted from the gross profits?—A. Take the same statement D-31 for the drugs and toilet goods department there are the wages, selling wages, buying expenses, advertising, printing and stationery, miscellaneous direct expenses, depreciation on special equipment, and alterations; and the indirect expenses, building maintenance, taxes, insurance, etc., depreciation on buildings and equipment, general office delivery administrative and store service expenses, and interest on the investment.

Q. That is, on the capital employed in the department?—A. And on the inventories.

Q. The capital would include inventories?—A. Yes.

Q. Now, will you give me the same make-up in the mail order in deducting from the gross profits what do you deduct?—A. The expense distribution is not quite the same, but I can give you the heading as we have it on Statement MT-9.

Q. Well then, what are the indirect expenses? I understand the direct but what are the indirect expenses?—A. The same thing although they are not split, are not shown exactly that way, they are exactly the same.

Q. Building maintenance, depreciation, general office expense, and interest on inventory, and capital employed in the department?—A. Yes.

By Mr. Young:

Q. The expense of selling through mail order has increased materially apparently in recent years. Is that due to the fact that orders are smaller, that they make fewer sales, and that prepaid freight costs higher when they only send out small shipments?—A. I cannot answer that.

Mr. NASH: May I correct that, Mr. Young. The mail order expenses have not increased in relation to the sales.

Mr. SOMMERVILLE: The expenses themselves have not increased.

Mr. NASH: The expenses have decreased.

Mr. SOMMERVILLE: In other words, in those areas in which the big stores are located—Toronto and Montreal—by special advertising means they can retain a larger proportion of the business than is possible in the mail order business.

Mr. YOUNG: That is not it. The trouble is that in your mail order business the farmers have not had any money.

Mr. SOMMERVILLE: The retail business in the same way is conducted with people who are on relief in the cities, but they have been able to maintain in the centres of population a larger proportion of the business than they formerly held. That is the case where they can concentrate in the mail order.

Mr. Young: Mail order sales have fallen off in greater proportion than store sales.

Mr. SOMMERVILLE: Quite.

Mr. FACTOR: And the expenses have increased.

The WITNESS: The expenses have decreased actually.

Mr. NASH: Mail order sales have fallen off in greater proportion than the store sales.

Mr. SOMMERVILLE: Quite.

By Mr. Sommerville:

Q. Now, will you proceed with the next department? They are relatively the same, are they not? Men's clothing—1933—men's furnishings, boys' clothing. What was your initial mark-up there?—A. On that particular item selected from the catalogue? They are listed. Statement MO-3.

Q. Department number 35. That is men's clothing shows a mark-up percentage of from 18·85 per cent to 58·86 per cent?—A. That is right.

Men's furnishings show mark-ups from 56·25 per cent to 64·81 per cent?—A. Yes, on those particular ones.

Q. On those items, and you chose them at random?—A. Yes.

Q. Department 35 shows marks-ups of 49·5 to 56·5?—A. Yes, only two items.

Q. I understand an investigation was made into the factories at which some of these articles were obtained?—A. Yes.

Q. Take, for instance, the first item—boys' suits from Montreal—twelve boys' suits?—A. 60 was the placing order quantity.

Q. And twelve were purchased?—A. Yes, the particular invoice which was examined covered twelve.

Mr. YOUNG: That does not mean that the other 48 were cancelled.

The WITNESS: No.

By Mr. Sommerville:

Q. \$5.65 was the original cost?—A. Yes.

Q. The freight was 39 cents?—A. Yes.

Q. And the laid-down cost was \$6.04?—A. Yes.

Q. The catalogue selling price was \$9.45?—A. Yes.

Q. That is a profit of \$3.41 on a \$6.04 sale?—A. Yes, that is right.

Q. Or a mark-up of 56·46 per cent?—A. Yes.

Q. And at Regina that same article added a mark-up of 57·75 per cent?—A. Yes, because of either differences in the selling price or in the freight.

Q. The second item, boys' suits, \$6.84 laid down?—A. No, forty-two—I was speaking of the quantity.

Q. \$6.84 was the cost laid down from some firm in Montreal?—A. Yes.

Q. And the catalogue selling price was \$9.98?—A. Yes.

Q. A profit of \$3.14?—A. Yes.

Q. Or a mark-up of 45·90 per cent?—A. Yes.

Q. Take the next item from this firm, 2-pants men's suits. Laid down cost \$8.80?—A. Yes.

Q. Catalogue selling price \$13.98?—A. Yes.

Q. Profit \$5.18?—A. Yes.

Q. 58·88 per cent mark-up?—A. Yes.

Q. And at Regina it was 54·70 per cent mark-up?—A. Yes.

Q. And further down, from this same firm, you have men's suits laid down at \$8.22?—A. Yes.

Q. That is, 4-piece men's suits at \$8.22—that is one of the low-priced suits?—A. Yes.

Q. And the sale price was \$12.75?—A. Yes.

Q. A profit of \$4.53 or a mark-up of 55·11 per cent?—A. Yes.

Q. Now, perhaps Mr. Glassco could tell us if this was one of the firms that was inquired into at Montreal?

Mr. GLASSCO, having been previously sworn, deposed.

By Mr. Sommerville:

Mr. Glassco, you made inquiry at Montreal into the clothing manufacturing company that supplied these various boys' suits that have been referred to?—A. Yes. We made a very brief inquiry as to the costs of these particular suits.

Q. And what did you find?—A. We found that the records were not entirely complete as to the costs, but we secured estimates from the company's management as to the costs of these garments, and taking them up in order, I think

only three of the four you have mentioned were covered by these estimates. The first one was boys' suits which were sold at \$5.65 each to the store, which was the first item on that statement. The material cost \$3.87, labour direct \$1.05, allowance for factory overhead 34 cents, making a total cost to the manufacturer of \$5.16, an added profit of 49 cents.

Q. A profit of 49 cents to the manufacturer and a profit to the Simpson company of \$3.41. The factory overhead was only 34 cents?—A. Yes.

Q. Does not that seem to be a remarkably low figure?—A. Well, the overhead of these plants is usually applied as a percentage of the direct labour, and that indicates approximately 34 per cent of the direct labour in this case which is not unusually low.

Mr. EDWARDS: It is a pretty small percentage on direct labour.

WITNESS: A good many of these manufacturers have a very small investment in plant. They occupy rented premises and their overhead charges vary considerably.

Mr. SOMMERVILLE: I know a lot of factories that would like to run on that overhead.

Mr. EDWARDS: 75 per cent is very common.

By Mr. Sommerville:

Q. Is it not a fact that that may be due to the fact that this work is largely done by contract?—A. Yes, I was about to mention that.

Q. And this is one of the factories, apparently, in which the work is handed out by contract?—A. Most of this company's operation is performed by contract outside of its own shop.

Mr. YOUNG: When you say "by contract," do you mean that they take it home?

WITNESS: There are a number of professional contractors who take the contract home. We do not know where it is done. That direct labour in that case would be the direct labour cost paid by the manufacturer to the contractor.

Mr. YOUNG: The contractor, in fixing his price for these commodities, would include his own overhead in it?

WITNESS: Yes.

Mr. SOMMERVILLE: And would include his own profit. In other words, \$1.05 paid on that suit of clothes to the contractor would include his profit, his overhead and his labour.

WITNESS: Yes, sir; but we had from Mr. Francq a very sad picture of conditions in these contractor shops.

Mr. ILSLEY: He said they were sometimes sub-contractors.

Mr. FACTOR: The work was given out to girls to do.

Mr. HEAPS: Is this a reputable firm in Montreal?

By Mr. Sommerville:

Q. I think, perhaps, we can just proceed with your statement. Let us get the different costs on these different items, and we will proceed with the further statement on these?—A. The second is men's 4-piece suits which sold at \$8.30.

Q. 2-pant men's suit \$8.30—A. Yes, \$8.30. The material cost was \$5.92, labour cost to the manufacturer \$1.65, his overhead was 37 cents—total costs \$7.94.

Q. That was the total cost to the manufacturer, and he sold the garment at \$8.30?—A. With a margin of 36 cents.

Q. 36 cents was his profit on that suit of clothes, and the mark-up to the distributor, Simpsons, was 5.18 per cent?—A. Yes.

Q. And that 36 cents profit to the manufacturer was after making provision of only 37 cents for his overhead?—A. 37 cents for his overhead.

Q. Let us have the next item?—A. The next item is 4-piece suits sold at \$7.75. Material cost \$5.47, labour cost to the manufacturer \$1.65, overhead 35 cents. Total cost \$7.47. Margin of profit 28 cents for the manufacturer, making a total cost to the department store of \$7.75.

Q. That is, his profit on that 4-piece suit of cloths was 28 cents and the profit to Simpsons was \$4.53?

Mr. YOUNG: The material in this suit is \$5.47. The other suit was \$5.92 and the other one was \$3.87. Did you analyze these figures to see who was making the profit there?

The WITNESS: No, I did not.

Mr. SOMMERVILLE: What further comment have you to make with respect to this firm?

The WITNESS: Do you want me to mention names?

Mr. SOMMERVILLE: No; not the name of the firm.

The WITNESS: 70 per cent of the company's sales were made to department stores and other large buyers. We examined the invoices to see what discounts were allowed as between large and small buyers and found that approximately 10 per cent was allowed to large buyers as against the prices to independent retailers. Most of the labour on this company's products is performed by labour contractors. Mr. Francq, chairman of the Quebec Minimum Wage Board, advised us that the company had been fined for infringement of the Minimum Wage Act.

By Mr. Sommerville:

Q. You were not able to follow back into the contractor's shops to find out the wages that were being paid?—A. No.

Q. We had some evidence of boys' trousers at as low as 35 cents a dozen.

Mr. EDWARDS: What is the objection to bringing out that name?

Mr. SOMMERVILLE: We are going to have a large number of various firms when we go into the general inquiry.

The CHAIRMAN: We will bring them in under our mass production process.

Mr. HEAPS: How long has this firm been in business?

The WITNESS: For some years. I am not sure how long. It is well established.

By Mr. Factor:

Q. On page 86 of the proceedings when Mr. Francq was giving evidence in reply to questions by Mr. Sommerville I find the following:—

Q. Let me get this clear. You say that manufacturers, and these are big manufacturers, send them out to these contracting firms?—A. Yes, and may I add this, that the contractor in many instances does not manufacture himself. He sublets all these contracts to sub-contractors, and some of the sub-contractors are sub-letting them again to private families in the country, with the result that we have known of cases where as low as 50 cents or a dollar was paid for a dozen men's pants.

Q. 50 cents to a dollar paid for the making of one dozen pairs of men's pants?—A. And you cannot control it, because it is in the private families. It is the sweating system coming back; and how are you going to prevent it?

Q. That means that you are getting down to the payment of from four cents to ten cents for the making of a pair of men's pants, under that system?—A. Yes.

Q. And then these pants eventually find their way into the hands of the good manufacturers, and they are sold to the trade?—A. Of course,

there are the cheaper kinds of pants, but still the work which is done is there.

Q. In reference to boys' pants, you refer to that 35 cents a dozen; that is, you have cases where the large manufacturer lets them out at 3 cents a pair for making, and are these again let out at a lower rate by the sub-contractor?—A. No.

Q. The subcontractor himself makes them up?—A. Here is the way that I found it out, one of our inspectors went over to a rural district about 30 or 40 miles from Montreal, where we had complaints that the girls were underpaid and receiving only \$2 or \$3 a week.

Mr. EDWARDS: And I think that further shows where it was \$1.50 for seventy hours.

Mr. YOUNG: Take then the case I mentioned, those boys suits that were selling at \$15, manufacturers cost \$5.16, manufacturers profit 49 cents. What did that manufacturer do for his 49 cents; I understand he sublet the work.

Mr. SOMMERVILLE: He supplied the material into the order.

Mr. YOUNG: He did not supply the material out of his 49 cents.

Mr. NASH: He took the risk of having the material.

Mr. SOMMERVILLE: He bought the material.

Mr. YOUNG: And did he have any profit on that?

Mr. NASH: Only in a general way with reference to that particular contract.

Mr. YOUNG: The manufacturer who took the contract for those 125 suits sublet it to somebody else and made 49 cents a suit on it.

Mr. SOMMERVILLE: I understand from Mr. Glasco that the manufacturer said the cloth cost him \$3.89; that was the cost of the material to the manufacturer.

Mr. YOUNG: That was not the selling price of it to the sub-contractor?

Mr. SOMMERVILLE: But he did not sell it. They do not sell the material to a sub-contractor; they supply the material; they usually cut it and then this whole bundle of material—lining and everything—is handed to a sub-contractor who takes it to this factory, or his house, or wherever it happens to be, makes it up and brings it back.

Mr. YOUNG: He makes nothing on the material?

Mr. SOMMERVILLE: Oh no.

Mr. YOUNG: How does he make out?

Mr. SOMMERVILLE: The sub-contractor gets his \$1.05 in this case for making up that suit of clothes, and that was a boy's suit of clothes.

The WITNESS: The sales of this particular manufacturer for the year ended 31st May, 1933, were \$334,000 upon which a net profit was realized of \$7,000 equivalent to 2.13 per cent of the sales.

By Mr. Ilsley:

Q. Have you traced it back to find out how much the contractor made?—A. Not in this case. We have been into certain contractors and several companies, but I believe another investigator for this committee was investigating a large number of contractors and he told us generally what he was doing and we did not attempt to trace it back.

Mr. SOMMERVILLE: We will have the evidence in regard to conditions in these shops before us very shortly.

Mr. KENNEDY (*Winnipeg*): Mr. Chairman, I want to draw attention again to this question of giving publicity to the names of such manufacturers. Where evidence is adduced here of sweat-shop conditions prevailing, and these people enter into competition with firms that carry on their business in a decent way and pay decent wages, I think in the interest of the public publicity should be given to their names. I am in entire accord with the point of view that business secrets of firms should not be disclosed to give competitors an advantage unless it were absolutely necessary, but it seems to me the names of firms like this are on an entirely different basis, and I strongly suggest the desirability of every publicity in the world being given to it. And more than that, that if these conditions are found to prevail then not only the Federal but Provincial government officials should take note of the fact and that they be not permitted or invited to tender upon government contracts for supplies and that sort of thing. Having that in mind, I would urge the committee to seriously consider the matter and give the widest possible publicity to it. If a citizen parks his car on a down town street and breaks a by-law the press gives publicity to that. Why not to this sort of thing. I urge that the fullest publicity be given to it.

The CHAIRMAN: In regard to that whole matter we are coming very shortly—I had hoped we would have reached it before now—to the question of labour, and as far as I am concerned the lid is off and the fullest publicity will be given to the treatment that labour gets. I have no objection to giving the name of this company at all if the committee wishes it.

Mr. SOMMERVILLE: The only reason I suggested that it be withheld at this time is that it may be dealt with along with a great many others that will come from our investigators, but in this particular instance I do not know that one can say that sweat-shop conditions exist because they have handed out the work to somebody else where the sweat-shop conditions may prevail.

Mr. KENNEDY (*Winnipeg*): They put their price on what it must be done for, knowing the conditions under which the work would be done.

The CHAIRMAN: I agree with you. We will see that that is done later.

Mr. KENNEDY (*Winnipeg*): I think we might as well have the name now, let us open the door.

Mr. YOUNG: Let us find out if the man is guilty or not.

Mr. KENNEDY (*Winnipeg*): We are not proving him guilty or not guilty, but I suggest we start by having this firm's name now.

Mr. ILSLEY: Let us have it big and small, one hundred per cent.

Mr. EDWARDS: While we are at it, I understand that a contract has recently been let by the government for trousers at 17 cents.

The CHAIRMAN: That is a new one on me.

Mr. EDWARDS: The contract was sub-let for 17 cents a pair.

Mr. FACTOR: Yes, I have a letter to that effect from a Montreal concern.

Mr. EDWARDS: I think with Mr. Kennedy, if we are going to find fault with independent concerns carrying on this practice we certainly should say something about how government department carry on.

Mr. FACTOR: I think, Mr. Chairman, it would be well to present the picture as a whole—governments, individuals and all.

The CHAIRMAN: We will do so and we will see that this firm is not overlooked.

By the Chairman:

Q. Mr. Adamson, my attention has been drawn to the fact by Mr. Heaps that the cost of the catalogue of this mail order branch is about 17½ per cent.—

A. 17½ per cent of what?

Q. Of sales?—A. Yes.

Q. That would be the form of advertising for that department, would it not?—A. Yes.

Q. This is their form of advertising in the mail order department?—A. And also selling.

Q. Yes?—A. It acts both as advertising and selling.

By Mr. Heaps:

Q. Have they got selling clerks in the department?—A. Not selling clerks.

By the Chairman:

Q. The advertising in the other departments amount to about 4 per cent. I have taken 3—men's clothing, boys' clothing, and men's shirts.—A. It varies in the different departments.

Q. These 3 run about 4 per cent?—A. I would have to check that. I do not remember it off-hand, but I can get it.

Q. You need not go into it in detail.—A. The total catalogue expense for all mail order branches is 11·8 per cent.

Q. That is for all branches?—A. Yes.

Q. Some of them run higher, I suppose they vary?—A. Yes, they vary as between branches and as between departments.

Q. Have you got the advertising for other departments? Don't go into it if you have not got it there.—A. I have it on one of the statements.

Mr. NASH: You will remember, Mr. Chairman, that in Vancouver one store was three times as big as the other in advertising.

By the Chairman:

Q. Could you give us a statement of that?—A. Yes, I can, Mr. Chairman.

Q. Don't worry about it now.

Mr. ILSLEY: I understand you are asking for a comparative statement showing the advertising of the ordinary retail store and comparing that with the catalogue advertising; as Mr. Young says, that is not a fair comparison.

The CHAIRMAN: It is not a question of comparison, it is a question of getting the facts.

Mr. YOUNG: Cannot we do this: Find out what it costs them to put out a catalogue and find out how much the average catalogue sells for.

The WITNESS: The catalogue expenditures for last year along with a number of catalogues issued have already been given.

The CHAIRMAN: Oh yes, we have got all that. All right, will you prepare that statement.

The WITNESS: Yes.

Mr. ILSLEY: Can you put in that also the whole cost of doing what the catalogue does, the whole cost of doing what the retail store does, and what the catalogue does in a mail order store; that is what we want to get and that would include the cost of selling.

Mr. HEAPS: And then you have other expenses in the mail order establishment that you do not have in the ordinary retail shop.

Mr. ILSLEY: A statement like that would show pretty well what is the more expensive way of doing business.

Mr. SOMMERVILLE: I think those statements are before us.

The CHAIRMAN: All right.

Mr. SOMMERVILLE: Now, the instances that we have quoted of clothing in the mail order department, while they have all been from one firm, relatively show the mark-ups in a large proportion of the cases.

Mr. FACTOR: They are not all from one firm.

Mr. SOMMERVILLE: I have only mentioned those from one firm, the firm that was investigated.

The WITNESS: Yes, I would say generally they do.

By Mr. Sommerville:

Q. We have at the bottom, men's shirts, large quantities. Take the first, 6 dozen 54 cents each?—A. 89 cents selling, mark-up 64·81 per cent.

Q. At Toronto, and 58·94 per cent at Regina?—A. Yes.

Q. And the next mark-up on shirts 58·18 per cent at Toronto and 54·11 per cent at Regina?—A. Yes.

Q. And the next 58·50 at Toronto and 55·04 at Regina?—A. Yes.

Q. And the next, 58·04 at Toronto and 55·04 at Regina?—A. Yes.

Q. And the next 56·25 at Toronto and 64·10 at Regina?—A. Yes.

Q. And for the year the gross margin as a whole, after write-downs and shortages was 52·17 on cost at Toronto?—A. In this department, yes.

Q. Then the next is mail order shoe department, page 11, MO-7.

Mail Order Shoe Departments—

Department No. 40	Women's Shoes.
41	Children's Shoes.
42	Men's Shoes.
44	Rubber Footwear.

On Statement No. MO-7 are listed examples of price spreads on certain items selected from the Spring and Summer 1934 Toronto Catalogue. These are listed according to the departments shown above and show the mark-up percentages on these purchases for Toronto as well as comparative mark-up percentages on cost on certain of these same items selected at Regina.

The mark-up percentages on cost (at Toronto) show variations as follows:

Department No. 40	from 49·77% to 86·18%
42	from 34·69% to 90·10%
44	from 25·53% to 84·44%

(The items indicated above are in relation to the specific items selected).

Total purchases of the Shoe Departments at Toronto for 1933 amounted to approximately \$257,077 of which the following vendors supplied \$211,004.04.

From a firm in Quebec.. . . .	\$ 84,352 08
" " Ontario.. . . .	59,152 95
" " Quebec.. . . .	18,091 07
" " Ontario.. . . .	14,041 97
" " Quebec.. . . .	10,226 82
" " Ontario.. . . .	7,763 53
" " Quebec.. . . .	8,408 61
" " Quebec.. . . .	8,967 01

\$211,004 04

The main supplier of rubber footwear for the year 1933 was a firm (indicated) in Ontario; purchases from this company amounted to \$31,365. Shipments were received in 1932 and 1933 from A. S. Bata, Czechoslovakia, totalling approximately \$15,000. Invoices covering parts of these shipments were examined and the merchandise shown thereon was checked to the catalogue selling price. The average mark-up on these invoices amounted to 93·21 per cent. Purchases from Czechoslovakia were investigated as a matter of special reference.

By Mr. Sommerville:

Q. You are asked to get the particulars with respect to purchases from Czechoslovakia, and the mark-up on the invoices of the goods purchased from Czechoslovakia was 93·21 per cent?—A. On the invoices which were examined.

By Mr. Young:

Q. Where does the duty come in?—A. That is included in the cost.

Q. It is included in the invoice?—A. It is included in the cost before arriving at the store.

By Mr. Sommerville:

Q. The cost is made up of the invoice, freight, duty, sales tax, and all other items; that is the laid-down cost?—A. Yes.

Mr. YOUNG: Is the duty in this 93 per cent market?

The WITNESS: It is on the laid-down cost.

Mr. SOMMERVILLE: Everything is on the laid-down cost.

Mr. KENNEDY (*Pcace River*): Do they charge profit on the duty?

Mr. SOMMERVILLE: Apparently there is a 93 per cent mark-up on the duty.

The CHAIRMAN: All right, let's get along.

The WITNESS: Comparative Departmental Operating Results: The sales and gross profit percentages referred to in the following section are those for the combined three branches. The individual branch results are shown on the comparative statements.

Ladies' Shoes (Statement No. MO-8): Sales decreased from \$1,647,286 in 1924 to \$598,097 in 1932 and increased slightly in 1933 to \$661,571. The gross profit percentage to cost of sales increased from 43·97 per cent in 1924 to 50·96 per cent in 1932 and 51·05 per cent in 1933.

Q. That is again an increase in the mark-up in the catalogue?—A. Yes.

Men's Shoes (Statement No. MO-9): Sales in 1924 amounted to \$600,083 and in 1926 had increased to \$728,424. In 1933 they decreased to \$291,275. Gross profit percentage to cost of sales increased from 40·66 per cent in 1924 to 46·86 per cent in 1926 and in 1933 was 56·83 per cent.

Q. That increase from 1926 to 1933 was ten per cent in the mark-up on the catalogue price of men's shoes?—A. Yes.

Rubber Footwear (Statement No. MO-10): Sales increased gradually from 1924 to 1928 at which time they amounted to \$431,561, having been \$258,133 in 1924, by 1933 sales had decreased to \$183,289. Gross profit percentage to cost of sales shows a steady increase from 29·11 per cent in 1924 to 35·26 per cent in 1926 and to 49·28 per cent in 1933.

Q. That is quite the largest increase we have had so far; 14 per cent increase in the mark-up of rubber goods, in the gross profits on rubber footwear.

Mr. YOUNG: As the volume decreases the mark-up increases, is that it?

Mr. SOMMERVILLE: Yes.

The WITNESS: Children's shoes (Statement No. MO-11): Sales in 1924—\$488,685—decreased to \$183,214 in 1933, whereas gross profit percentage increased from 49·4 per cent in 1924 to 61·76 per cent in 1933.

Q. That is an increase in gross profits there of 12 per cent, due to the increase in the mark-up?—A. Yes.

Mr. FACTOR: Mr. Sommerville, did your men investigate the shoe factories in connection with some of these?

Mr. SOMMERVILLE: Some of them.

Mr. FACTOR: Will you put them in at this time, the same as we did with the clothing department?

Mr. SOMMERVILLE: That is not here, it will be available at the beginning of the week, and it will include other firms that are being investigated also.

By Mr. Sommerville:

Q. Your statement MO-7 shows the mark-ups in the Shoe Department in the Toronto Mail Order Division?—A. Yes.

Q. And in that department they maintained mark-up the gross profit after all stock write-downs was—? —A. Department No. 40, Toronto Branch, 55·69 per cent on cost; department No. 42, 60·54 per cent on cost; department No. 44, 55·66 per cent on cost.

Q. In Regina on these same departments the mark-up maintained was: 49·31 per cent on cost; 55·56 per cent on cost; and 48·08 per cent on cost?—A. That is right.

By Mr. Kennedy (Peace River):

Q. Why is the Regina mark-up left?—A. The price of Regina goods is usually a little higher because of the increased freight involved.

Q. On shoes?—A. On all.

Q. That is the explanation?—A. Catalogue prices generally are higher in Regina than they are in the East, and in the department if the selling price is not exactly proportionate to the difference in the freight, there will be a difference in the gross profits percentage.

(Statement No. MO-7 printed in previous day's record (No. 48).)

Proceed with the statement.

The WITNESS: Dresses and Whitewear Departments:

Department No. 17—Ladies' Dresses

25—Children's Dresses—Ladies' suits and blouses

27—Women's House Dresses

24—Whitewear

Statement MO-12 shows the items in the above departments which were selected at random from the Spring and Summer catalogue and for which purchase invoices were drawn in order to ascertain the price spreads. The invoices listed in this statement represent purchases of the Toronto Mail Order Division. The comparable mark-ups on purchases for Regina Branch are also shown in those cases where invoices were drawn at Regina. The range in price spreads on the examples listed in each of the departments is as follows:

	%	%
17 Ladies' Dresses	59·84	76·27
25 Children's Dresses—Ladies' Suits and Blouses	60·75	80
27 Women's House Dresses	47·07	84·22
24 Whitewear	48·49	71·93

The principal suppliers of dresses, along with the volume of purchases in 1933 from each, for the Toronto Branch only are as follows:

Q. The first firm that is shown there is the firm that is owned by the Simpson Company?—A. Yes.

Q. And they supply \$96,700 to the Ladies' Dresses?—A. Yes.

Q. Then the next three firms indicated are from Montreal, and they supplied respectively \$69,575, \$47,105, and \$22,780?—A. Yes. The same manufacturers received the orders from the other branches. Purchases for the Whitewear Department are made largely from a manufacturing firm located in Montreal.

(Statement No. MO-12 printed in previous day's evidence (No. 48).)

By Mr. Sommerville:

Q. Yes.—A. Comparative departmental operating results: The comparative operating results of each department are shown on Statements Nos. MO-13, MO-14, MO-15 and MO-16 respectively. Sales in all four departments show very substantial decreases in the past few years—this is more apparent in Department No. 17 where sales of all branches dropped from \$841,122 in 1929 to \$433,925 in 1933. The percentages of gross profit to cost of sales which are after providing for losses on stock on hand at the end of each season in 1933 in each of the departments (in total for all branches) were:

Department No. 17—35·25%, Ladies' Dresses.

“ “ 25—47·62%, Children's Dresses—Ladies' Suits and Blouses.

“ “ 27—44·97%, Women's House Dresses.

“ “ 24—39·52%, Whitewear Department.

Q. Now, you have just referred to Whitewear; that is part of the mark-up on Whitewear—the gross profit of these departments maintained over the year was 39·4 per cent on cost?—A. Yes.

Q. After all write-down?—A. Yes.

Q. In connection with Women's House Dresses, we had a brief reference to these being the type of cheap dresses of which a good many were made under sweat-shop conditions in Montreal—that was given by Mr. Gustav Francq; that is a special department here, is it?—A. Yes, Women's House Dresses.

Q. I think he gave his evidence that the prices paid for them was about \$1.25 a dozen?—A. Some investigations have been made of these.

Q. Of the factories where they are being made?—A. Yes.

Department No. 28—Ladies' Underwear: Price Spreads—the range in price spreads, as shown on Statement No. MO-17, on the examples selected from the Spring and Summer 1934, Toronto, catalogue is from 45 per cent to 73·53 per cent. The principal suppliers of the department for the year 1933 were located in Hamilton, Toronto, Brantford, and Galt.

Statement No. MO-17 printed in previous day's record (No. 48.)

By Mr. Sommerville:

Q. You have taken eleven items from the catalogues at random, and your examination into these items showed spreads ranging from 45 per cent to 73·53 per cent?—A. Yes.

Comparative departmental operating results: this department has been run as a separate unit only since 1931 and the comparative operating results for three years only are therefore shown on statement MO-18. Sales of all branches have decreased from \$193,385 in 1931 to \$156,755 in 1933.

Statement No. MO-19 printed in previous day's record (No. 48.)

Gross profit as a percentage on cost has increased from 44·87 per cent in 1931 to 50·46 per cent in 1933?

By Mr. Sommerville:

Q. That is again an increased mark-up in the last three years?—A. Yes.

Department No. 16—Women's Hosiery—Price Spreads (Statement No. MO-19)

The range in price spreads on the examples selected from the Spring and Summer 1934 Toronto catalogue for this department is from 53·85 per cent to 94·12 per cent.

The principal suppliers of women's hosiery to this department for 1933 were three firms from the province of Quebec and four firms from the province of Ontario.

*The Witness:**Comparative Departmental Operating Results*

The comparative operating results of each branch are shown on statement MO-20. Sales for the three branches in total, show a decrease from \$626,217 in 1924 to \$246,688 in 1933. The gross profit percentage to cost of sales which is after providing for outlet losses, stock shortages, employees' discounts, etc., amounted to 43·43 per cent in 1924 and 49·18 per cent in 1933. The gross profit percentage to cost of sales, before stock write-downs, employees' discounts and miscellaneous adjustments is as follows:—

	Per cent
1924	47·52
1930	55·22
1931	56·46
1932	56·51
1933	57·87

Q. Notwithstanding shorter sales you have a greater gross profit percentage to cost?—A. This is before deducting these stock write-downs, indicating a higher mark-up.

Q. Now, the Montreal store report is relatively similar to the operating methods and practices you found in the Toronto Store?—A. Yes, very much the same.

Q. And the result of the maintained mark-ups approximately the same?—A. Yes.

Q. Throughout?—A. Yes.

Q. And in the various departments you have examined certain invoices?—A. Just the same as we did at Toronto.

Q. And they are set out in your report?

The CHAIRMAN: Can we take, with the consent of the committee, that Montreal store story and insert it in the records.

Agreed.

THE ROBERT SIMPSON MONTREAL LIMITED

MEMORANDUM IN CONNECTION WITH THE OPERATIONS OF THE MONTREAL STORE

The Montreal business (formerly known as The John Murphy Company Limited) was purchased in 1904 and during the latter part of 1929 and in 1930 the present store which is considerably more spacious than the former premises was constructed. In comparing the results over a period, consideration must be given to this fact.

A comparative statement of Trading and Profit and Loss of the Montreal company for the ten years 1924 to 1933 is shown on Statement F-3. The statement shows that despite the increased sales volume in the past few years since the new store was constructed, the net results (before providing for rentals to Simpsons Limited) show decreased earnings and that after providing for rentals to the holding company, losses of considerable amounts were sustained in each of the past three years.

Sales during the period increased each year from a low of \$2,217,991 in 1924 to \$4,909,422 in 1933. Gross Profit percentages to cost of sales varied from year to year, the highest being 49·1 per cent in 1924. The percentage to cost in 1933 was 42·1 per cent. Expenses increased each year up until 1932, latterly because of the increased expenses required to operate the new store.

Statement F-1 shows the profit and loss by departments for the year 1933. It will be noted that for accounting purposes the operations were divided into 42 departments. The sales for the year amounted to \$4,909,425 of which ap-

proximately 60 per cent was made up of business in the undermentioned 13 departments:—

No.	Department	Sales	Gross Profit	Net Departmental	
				Profit	Loss
		\$ cts.	%	\$ cts.	\$ cts.
727	Dress Fabrics.....	366,956.00	45.66	9,883.00	.....
731	Coats and Suits.....	274,017.00	43.26	.....	2,980.00
721	Women's Shoes.....	270,787.00	42.24	1,891.00	.....
707	Hosiery.....	254,884.00	43.64	10,460.00	.....
742	Underwear and Kimonos.....	241,619.00	37.20	53.00	.....
712	Men's and Boys' Clothing (Boys' Furnishings).....	236,807.00	37.81	.....	21,396.00
734	Moderately Priced Dresses.....	225,462.00	38.59	.....	29,585.00
751	Linens and Staples.....	224,647.00	40.28	.....	11,376.00
713	Men's Furnishings and Hats.....	219,413.00	41.38	.....	22,764.00
730	Millinery.....	180,628.00	62.20	.....	955.00
709	Laces, Neckwear, Ribbons, etc.....	176,710.00	70.50	6,625.00	.....
738	Lower Priced Coats and Dresses.....	175,642.00	35.58	.....	6,882.00
724	Lower Priced Shoes.....	157,509.00	35.30	.....	3,499.00
		3,005,081.00			

The average per cent of gross profit in all departments was 42.24 per cent. Cost of sales includes buying expense in varying amounts ranging from 2 per cent to 5 per cent for local purchases and somewhat higher rates for foreign purchases.

The departments which showed the highest average per cent of gross profit are the following:—

	Per Cent
Beauty Salon	84.84
Laces, Neckwear, Ribbons, etc.	70.50
Notions	63.82
Millinery	62.20
Corsets	55.03
Furs	54.71
Misses' Dresses	53.87

Those which show the lower per cent of gross profit are:—

	Per Cent
Electrical and Fixtures	15.29
Shoe Repairing	17.65
Hotel Supply	21.77
Hardware	23.81
Better Priced Dresses	27.20
Music, Flowers and Tea.. . . .	29.79
Radio	30.56
Patterns	32.70
Candy, Cake, Tobacco	32.79
China	34.01

In addition to the profits listed for the foregoing specific departments, Toilet Goods, Misses' Dresses, Furs, Corsets and Honeydew show the higher net profits.

In addition to the losses as listed, the most substantial losses were sustained in the following departments:—

- Better Priced Dresses
- Hardware
- China

Furniture and Beds—(This department now discontinued)
 Infants' and Children's Wear
 Electrical and Fixtures
 Radios

Statement No. F-2 shows the departmental expenses for the year 1933. The total direct expenses for the year amounted to \$1,281,542, while administrative, store services and delivery, etc. (which are apportioned over the various departments) amounted to \$378,959, a total of \$1,660,501. Included in miscellaneous direct expense is a charge of 6 per cent interest on stock carried in each department, while rent, as shown, includes maintenance charges, light, heat and power, taxes, insurance, depreciation and interest on investment.

Certain departments were specifically enquired into and comparative statements of their operations over a period of years were prepared. In addition, invoices covering some of the shipments from the larger suppliers were examined in order to ascertain the initial mark-up on cost and these examples of price spreads have been listed by departments.

The departments which were more specifically enquired into, along with the reference to the statements prepared, are as follows:—

Department No.	Department	Reference to Comparative Operating Statement	Reference to Price Spreads Statement
701	Toilet Goods.....	F- 4	F- 4S
712	Men's and Boys' Clothing.....	F- 5	F- 5S
721	Women's Shoes.....	F- 6	F- 6S
723	Men's Shoes.....	F- 7	F- 7S
724	Lower Priced Shoes.....	F- 8	F- 8S
733}	Ladies' Ready-to-wear.....	F- 9	F- 9S
734}			
735}			
738}			
742	Underwear and Kimonas.....	F-10	F-10S

Department 701—Toilet Goods

This department handles mainly nationally advertised lines of toilet goods. There is no workroom attached to this department and perfumes are the only lines that are not sold in their original packing. There is no definite information as to the number of lines carried, but they are estimated to be in the thousands. The space occupied by this department is 1,848 square feet located on the ground floor, with a reserve room on the sixth floor.

The buying policy of this department is to buy in small quantities in order to keep the inventory of discontinued and obsolete lines as low as possible. Prices are, as a rule, checked with those obtained by the Robert Simpson Company Limited in Toronto to ensure that the maximum discounts are obtained, but there is no pooled buying for the two stores. Selling prices of toilet goods are generally fixed to meet cut rate drug store competition.

Cosmetics are usually invoiced at the retail selling price and varying discounts obtained depending upon the quantity purchased. To the net figure is added the 10 per cent luxury tax. There are certain articles which are sometimes sold at a loss. An example of such leaders is Lux toilet soap, costing 6½ cents a cake and sold at 5 cents. Similar sacrifices are also made of certain lines of toothpaste. The percentage of mark-up in this department varies between 25 and 72½ per cent on cost, with an average of approximately 56 per cent in the year 1933.

Demonstrators are used extensively in this department. They are employed and paid by the firm and are under their direct control, but the greater part of their remuneration is recovered. They are usually offered by the manufac-

turers to the store in order to promote sales of their particular products, they are located at the counter where these preparations are being sold and are primarily interested in educating the public in their use, but they are required to sell other articles in the department as well. These demonstrators are educated or trained in the use of the various products and the cost of this is generally borne partly by the store and partly by the manufacturer. Advertising allowances up to 50 per cent of the cost is made by certain of the cosmetic manufacturers, and certain others such as Listerine allow up to 5 per cent of the purchases towards cost of advertising.

The principal suppliers are as follows:—

Lyman's Limited
 Lambert Pharmacal
 Various Soap Manufacturers, such as Lever Bros.
 Helena Rubinstein
 Elizabeth Arden
 Northrup Warren
 H. H. Aird
 Richard Hudnut
 Herdt Chartrand
 Palmers Ltd.
 Maurice Levy
 Vinant Ltd.

There are no seasonal changes in prices. The stock in this department has increased approximately 40 per cent over that of last year. There are no consignment stocks, but nearly all lines of cosmetics and perfumes are exchangeable.

An unusual feature of this department is the abnormal number of new preparations continually coming on the market. The firm endeavours to discontinue one old line for each new one taken on. This is impossible in every instance, and there is a tendency, over a period of years, to accumulate stocks of lines which have ceased to be popular.

On Statement F-4 is submitted the comparative results for the ten years 1924 to 1933 inclusive.

It will be noted that with the exception of the years 1925 and 1927, sales increased steadily from \$78,803, in 1924 to \$136,612 in 1932 with a decrease to \$124,124 in 1933, gross profit following the same trend. Profits were earned each year with the exception of 1925, the highest being \$11,453 and \$7,445 in the years 1929 and 1930 respectively, those for the subsequent years being considerably lower. The per cent of gross profit was 38·7 in the year 1925 and for the other years varied between 46·38 in 1928 and 51·27 in 1933, which was 4·28 per cent greater than that for the previous year.

Department 712—Men's and Boys' Clothing

Department No. 712 carries men's clothing, boys' clothing and boys' furnishings. It is located on the second floor and occupies an area of 5,325 square feet. Men's clothes consist of suits, topcoats and overcoats. The buying policy is determined by the quality and workmanship coupled with public demand for the lines carried. The buyer chooses the cloths and styles and the goods are made up by the manufacturers to the specifications of the firm. There is no interference or pooled buying with the Robert Simpson Company Limited, Toronto. Special sales are made from either regular stock, special purchases, or from both. The department handles "ready-made" and "made-to-measure" clothes.

The principal suppliers are as follows:—

Suits—

Society Brand Clothes Ltd.
 Samuelsohn & Co.

Freedman & Co.
Hyde Park Clothes Ltd.
Rubin Brothers
S. Rubin & Co.
Tip Top Tailors Ltd. (made-to-measure)

Topcoats—

Robert Simpson Co. Ltd. (K Factory—Toronto)
Freedman & Co.
Samuelsohn & Co.
Joseph May's, Leeds, England.

Overcoats—

W. R. Johnston Ltd.
Samuelsohn & Co.
Rubin Brothers.
S. Rubin Co. Ltd.
Simpson's (K Factory—Toronto).
Freedman & Co.
Freedman & Gabbe.

Price spreads are guided by the average accumulative weekly mark-up in comparison with that budgeted. Each line of merchandise is marked to the best advantage, allowing for maximum mark-up and sales. It varies from approximately 25 per cent or 30 per cent to 60 per cent, each purchase being valued on its own merits of styles, patterns and quality. The average for the year was 47 per cent.

As a general rule there are no advertising allowances made by suppliers and the usual terms are net thirty days.

Consignment goods are sometimes accepted from a manufacturer in order to assist him in selling surplus stocks which have not been manufactured specifically for the firm, and are occasionally carried at the request of the departmental manager. It is not the usual practice to carry goods on consignment. These consignment stocks are recorded as ordinary purchases, and the only other details pertaining to them are kept by the departmental manager. No information was available as to the amount taken in during 1933 or the amount of such goods returned.

On Statement F-5 is submitted the comparative results for the four years 1930 to 1933 inclusive.

This department was not started until 1930 and the figures for that year as shown are for part of the year only. During the last three years sales increased slightly each year from \$202,413 in 1931 to \$236,807 in 1933. Gross profit and expenses also increased each year. The percent of gross profit varied between 35.93 and 37.81 and substantial losses were incurred each year.

Departments 721-723 and 724—Shoes

Departments Nos. 721-3-4 carry "Women's Shoes," "Men's Shoes" and "Lower Priced Shoes," respectively. The latter include shoes for men, women and children. Women's shoes are located on the second floor and occupy an area of 4,396 square feet. Men's shoes are located on the ground floor and occupy an area of 1,294 square feet, and the lower priced shoes are located in the basement and occupy an area of 2,580 square feet.

Women's shoes range in price from \$4, \$6, \$8.50, \$10 to \$12.50 and the corrective or welted shoes range from \$7 to \$10. The practice of the firm in buying these shoes has been to concentrate on several standard lines of certain manufacturers. Special sales are usually made up from regular stock of broken lines,

etc., or from special purchases from manufacturers of their surplus stocks, which are put "on sale" immediately, or from a combination of both. Ninety-five per cent of all the shoes sold are "Canadian made."

The average mark-up ranges from 45 per cent to 55 per cent on cost, the lower being applicable to the lower priced shoes.

The principal suppliers are as follows:—

Women's—

La Giaconda Shoe Co. Ltd.

Smardon Shoe Company.

Perth Shoe Company Limited (Lockwedge Shoe).

Style Shoe Company.

Men's—

Hartt Shoe Company.

Slater Shoe Company.

Macfarlane & Lefaivre.

Lower Priced Store—

Gale Bros. Limited, Quebec.

Ludger Duchesne.

Laliberte Shoe Co. Limited.

Parker Steele Shoe Company Limited.

Bond Shoe Company.

Dependable Slipper.

The only advertising allowance received is from the Perth Shoe Company on the Lockwedge shoe, viz. 50 per cent of the cost of advertising this particular make of shoe.

There are no consignment stocks in this department, with the exception of fifteen pairs of hunting boots selling from \$22 to \$25 per pair.

There are very few special sales of men's shoes due to the fact that the styles do not change as rapidly as for women. The prices of men's shoes vary from \$4.85 to \$12.50 and are all standard makes from regular suppliers.

The Lower Priced Store women's and men's shoes range from \$1.99 to \$3.35 and are usually made up from regular lines purchased together with odd sizes and lines from the regular stocks in departments Nos. 721 and 723.

Department 721—Women's Shoes

On Statement F-6 is submitted the comparative results of operations for the ten years 1924 to 1933 inclusive.

Sales varied from a low of \$210,566 in 1924 to a high of \$289,405 in 1926 with increases each year since 1930 to a volume of \$270,787 in 1933. Per cent of gross profit for the years 1927 and 1928 was 36.19 and 31.21 respectively, otherwise it varied from a low of 41.01 in 1929 to a high of 43.11 in 1930, that for the year 1933 being 42.24. It will be noted that the latter is the exact average for all departments of the entire store.

This department produced profits in varying amounts except for the years 1924 and 1928. The loss in the latter as well as the lower per cent of gross profit in the years 1927 and 1928 is due at least in part to more heavy stock write-downs, shortages, etc.

Department 723—Men's Shoes

On Statement F-7 is submitted the comparative results of operations for the years 1930 to 1933. This department was started in the year 1930 and figures for that year as shown are for part of the year only. There was a slight increase in sales in 1932 over those for the previous year and a substantial gain in the year 1933 to \$51,554. Per cent of gross profit for the year 1933 was 39.70, being

2.48 better than that for the previous year and 2.92 less than that for the year 1931. Considering the small volume of business in this department, it suffered substantial losses in each of the last three years, although there was a slight improvement in the year 1933.

Department 724—Lower Priced Shoes

On Statement F-8 is submitted the comparative results of operations for the four years 1930 to 1933 inclusive. Sales increased from \$100,675 in 1930 to \$167,899 in the year 1932, with a drop to \$157,509 in 1933. Per cent of gross profit showed small reductions each year from a high of 36.54 in 1930 to a low of 35.30 in 1933. The expenses increased each year with the result that a loss of \$3,499 was sustained in the year 1933, this being due to reduction in the volume of sales as well as in the per cent of gross profit together with a slight increase in departmental expenses.

Departments 733-734-735-738—Ladies' Ready-to-wear

Departments Nos. 733-4-5-8 which consist of Ladies' ready-to-wear are situated on the third floor and in the basement. The space occupied on the third floor is 15,314 square feet and in the basement 3,529 square feet. The buying is conducted along the lines outlined in the opening paragraph of this report. The dresses are grouped into price classes and are made to be sold at these various prices to enable the firm to make the average mark-up budgeted for in competition with the other stores in the district. The manufacturers who are chosen as suppliers are selected on the basis of quality, style and workmanship. The mark-up for the summer season is apparently smaller than in the fall or winter season, on account of the larger volume of business and greater competition. The buyers in this department make periodical trips to the style centres in order to see the latest models. In many cases the manufacturers are supplied with samples and quotations are obtained for copies which are to be marked up to predetermined selling prices. There is little variation in the cost of standard styles. Special sales are made from either regular stock, special purchases, or both depending on the circumstances as to quality, quantity and style of the commodity. The buying is conducted entirely by the department and there is no pooled buying with the Toronto store, although the corresponding departments of both stores carry practically the same styles and quality of merchandise.

The approximate percentage of mark-up varies between 60 per cent and 70 per cent on cost in the ordinary departments, and is 50 per cent in the Lower Price Store. There are no advertising allowances from the manufacturers of the merchandise carried in this department, nor are there any allowances made for demonstrators or models.

The principal suppliers are as follows:—

Gould Samuels Limited
Excelsior Ladies' Wear Limited
Queen Dress and Waist Company Limited
Cleveland Dress Company
Deckelbaum Bros. Limited
Canadian Waist Limited
Ideal Dress Limited
Comfort Kimono Limited
Home Frocks Limited
Bernice Dress Inc.
Fainer's Ladies' Wear Limited
J. E. Stone, Esq.
Prince Manufacturing
Little Women's Dress Inc.
Rae Dresses Limited
Billie Burke Dress Company.

An unusual feature of the business in this department is the large percentage of returns from customers which has been higher in the last two years than ever before. This is accounted for by the lower purchasing power of the public who are attracted by the merchandise, make the purchase but on receiving delivery realize that they are unable to pay for them and are forced to return the goods.

On Statements F-9a and F-9b are submitted the comparative results of operations for the ten years 1924 to 1933 inclusive. Prior to the year 1930 these departments appear to have been carried as one, with a break-down in the year 1930 into two groups, and a further analysis in subsequent years as under,—

- 733 Better Priced Dresses
- 734 Moderately Priced Dresses
- 735 Misses' Coats and Dresses
- 738 Lower Priced Coats and Dresses

It will be noted that sales increased steadily from \$152,637 in 1924 to \$627,599 in 1931 with reductions each year thereafter to \$532,582 in 1933. These reductions apply in all four sub-departments with the exception of Misses' Coats and Dresses which showed an increase of 25% in the year 1933 over that of the previous year. For the years 1924 to 1930, per cent of gross profit varied between 39.83 and 47.48 with drops to 34.95 and 34.53 in the years 1931 and 1932 respectively, and a rise to 37.26 in the year 1933. The expenses in these departments followed the same trend as the sales, and the net operating results showed small losses in the years 1924 and 1925, moderate profits for the next four years, followed by a small loss in the year 1930 and substantial losses during the last three years. "Moderately priced dresses" make up about 40% of the business of this department and produce a per cent of gross profit slightly in excess of the average. "Lower priced coats and dresses" constitute about 30% to 35% of the business and produce a per cent of gross profit slightly less than the average, being about 3% to 4% less than that for moderately priced dresses. "Better priced dresses" which provides the third best volume, gives an average of only about 27% gross while the smallest department, namely "Misses' coats and dresses" produced a gross per cent of 40.83 in 1931, 49.76 in 1932 and 53.87 in the year 1933.

Department 742—Underwear and Kimonos

Department No. 742 is located on the fourth floor and occupies a space of 3,382 square feet and consists of Ladies' lingerie and kimonos. The buying policy in this department is similar to the others in that the merchandise is bought from reliable manufacturers to sell at a definite selling price in competition with the other stores in the district. There is a gradual change of material being brought forward for the making up of the merchandise in this department. This tends to an accumulation of old stock but is counteracted by "special sales" of regular stock and specific purchases which are mixed and sold in the lower priced store. The manager keeps in touch with the style centres and manufacturers in order to keep the stock up to date.

The percentage of the mark-up to cost varies from about 35% to 60% with an average of 49% for the year 1933.

The principal suppliers for this department are as follows:—

Rayon Lingerie—

- Beau-Nit Company Limited
- Harvey Knitting Company
- Model Underwear Company Limited

Crepe de Chine Lingerie—

Kaymar Limited

Toronto Petticoat Limited

Kimonos—

Diamond Tea Gown Limited

Manhattan Bathrobe

H. V. Cowie, Esq.

The only advertising allowance obtained in this department is that of 1% on purchases of regular lines from the Harvey Knitting Company Limited. This is received monthly in the form of a credit note.

Consignment stocks are rarely carried and then only when approach is made by the manufacturer with a view to assisting him in disposing of his surplus stock. These consignments are handled as regular purchases and there is no available information as to the total quantity taken in, sold or returned.

On Statement F-10 is submitted the comparative results of operations for the ten years 1924 to 1933 inclusive. It will be noted that sales increased each year with the exception of the year 1930, being \$211,619 in 1933 as compared with \$114,120 in 1924. Until the year 1929 the per cent to gross profit varied between a low of 43.38 in 1924 and a high of 48.64 in 1926. Since then there has been a slight decrease each year with a per cent of 37.20 for the year 1933. This department has shown a profit each year, varying from lows of \$58 and \$74 in 1933 and 1932 respectively, to a high of \$17,441 in the year 1928.

The CHAIRMAN: Gentlemen, we will adjourn for lunch and reassemble at 3:30 and then take up this question of wages.

The Committee adjourned at 12:50 p.m. to resume at 3:30 p.m.

AFTERNOON SESSION

The Committee resumed at 3.30 p.m.

The CHAIRMAN: Order.

By Mr. Sommerville:

Q. Now, you are turning to a memorandum on wages. Has this been printed?—A. Yes, it has, sir.

Q. Then, Mr. Adamson, will you deal with the wage situation in the company and its subsidiary factory and stores.—A. Dealing first with the Toronto organization:—

MEMORANDUM RE INVESTIGATION OF WAGES PAID TO EMPLOYEES OF THE TORONTO ORGANIZATION OF THE ROBERT SIMPSON COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

Toronto Organization

The statements to be submitted and these notes cover only the Toronto employees of The Robert Simpson Co. Limited organization, which, however, represent approximatively 75 per cent of the total persons employed by the Simpson Company and its subsidiaries.

The Simpson organization in Toronto consists of—

1. The Store—in which are located the Selling departments, Restaurants, Alteration Rooms, some Workrooms, the Charge Office and some Executive Offices;

2. Mutual Street Building—in which are located the Toronto Mail Order Division, Administrative Offices, various factories and workrooms, stock rooms of store selling departments, the telephone order office and the delivery depot;
3. Front Street Warehouse—used by the Furniture Department;
4. Parking Garage—used by customers;

The following companies have operations in Toronto:—

The Robert Simpson Company Limited
The Robert Simpson Eastern Limited
Keen's Manufacturing Company Limited
Thompson Manufacturing Company Limited
Central Indoor Parking Garage Company Limited

The following general classification of employees has been observed:—

1. Selling Departments—including assistant managers and all employees directly connected with the selling departments. While most of these are sales clerks, there are also some stockroom employees and a few office employees attached to selling departments.
2. Restaurants—including all employees of the five store restaurants.—(Groups 1 and 2 above are classified by the Company as Selling Wages).
3. Store and Mutual Street Services—including Advertising Offices, Shopping Service and Order Offices, Parcelling, Shipping and Delivery, Elevator Operators, Porters and Garage Employees.
4. Charge and Administrative Offices.
(Groups 3 and 4 above are classified by the Company as Store Services and Miscellaneous).
5. Mail Order.
6. Factories and Workrooms.

Investigation

The purpose of the investigation into wages is to determine the present wage rates and earnings throughout the organization, the effect which the declining dollar sales volume of the past few years has had upon these wage rates and earnings and the practices of the Company in relation to the Minimum Wage Board Regulations.

General information as to policy, routine, etc., contained herein has been obtained from Company officials. Whenever possible it was verified by observation, but in many cases this was not possible without questioning individual employees and this was not done.

Terms of Employment, etc.

All employees are hired through the Employment Office on requisition of department managers and subject to their approval. Many employees engaged as permanent employees are first engaged on a temporary basis.

Hours.

The regular store hours are 8.30 A.M. to 5.30 P.M. six days a week. Clerks must "clock in" by 8.10 in the case of men and 8.20 in the case of women. It is also some minutes after 5.30 before most employees can leave their departments, due to necessity of covering stock, adding up tallies, etc. An hour for lunch and a fifteen minute relief period, in both the morning and afternoon, is allowed. Mutual Street employees must "clock in" by 8.25 A.M.

During July and August in 1932 and 1933 (and June, July and August prior to that) the store closed Saturdays at 1.00 P.M.

For 12 Saturday evenings and 6 weeknights before Christmas in 1932 and 1933 the store remained open until 10 P.M. Prior to 1932 the store remained open on only 3 or 4 Saturday evenings and 4 weeknights before Christmas. Employees receiving less than \$35 per week are given half a day's pay extra for these evenings and prior to 1932 received 40 cents supper money as well. Employees receiving \$35 to \$50 per week are still allowed 40 cents supper money.

The store office and service employees operate on a 48-hour week; Mutual Street office employees operate on a 44-hour week; Factories and workrooms on a 44 to 48-hour week.

Payment for overtime, other than when the store remains open at night, is not general in the Selling or Office Divisions.

Holidays

Summer holidays are granted on full pay to all classes of employees (excepting those in certain factories) including the regular part-time staff, as follows:—

Employees with the company since 31st August	1933 Only	Prior to 1933
One year previous	None	One week
Two years previous	One week }	Two weeks
Ten years previous	Two weeks }	

Officials state that the reduced schedule of 1933 was a temporary measure and that the company is reverting to its former holiday scale this summer.

All regular employees (except some factory workers) are paid for legal holidays and store employees for the day after Christmas when the store remains closed.

Basis of Payment

Employees are paid in various ways, the chief methods being:—

- (1) Weekly or hourly wage.
- (2) Weekly wage plus commission.
- (3) Piece work.

As well as a regular full-time staff there are many employees who normally only work certain definite hours each day (e.g., 11 to 5.30, or 10 to 3).

In addition to this regular part-time employment a list of persons seeking employment is maintained in the Employment Office and when extra help is required for special sales, Saturdays, etc., persons on this list are called in. The officials of the Employment Office state that before an applicant's name is placed on this list he or she is informed that only part-time employment may be expected for a time at least and these employees are known as "Contingents" or "Extras."

There are also some salesmen known as "demonstrators" who are not paid by the Robert Simpson Company Limited but by the manufacturers of the products which they sell.

Increases and Dismissals

Increases are recommended by the Department Manager and approved by the Store Superintendent. The general policy regarding discharge or laying off of employees is that—

- (1) The Department Manager makes out a transfer slip on which is indicated the reason for releasing the employee and the employee's rating (good, poor, etc.). This transfer is presented at the employment office.
- (2) If the Employment Office is unable to reassign the employee to another department, he is dismissed.

(3) A list of all employees being released is forwarded daily to the Store Superintendent, showing the years of service, reason for release, etc.

Benefits

Officials of the company explain that employees are entitled to the following benefits—

Employees' Discounts

Excepting in the Provision, Restaurant and Pattern Departments, a discount of 10 per cent is allowed on purchases by employees or their dependents. Executives, Departmental Managers and Assistants, etc., may receive a greater discount. No complete record of the amount of these discounts is available. An analysis made by officials of the company of the discounts allowed during the first quarter of 1934 in those departments where partial records were available; showed that these amounted in total to approximately \$40,000.

Profit Sharing Fund

Participation in a Savings and Profit-sharing Fund is available to the Toronto employees in the Retail Store, Workrooms and Mail Order Division. Membership is optional and is restricted to employees having at least one year's service. A small percentage of the participating employee's wages is paid into the fund (limited to a maximum of \$100 per year) and the company contributes a similar percentage of its profits. If the employee withdraws from the fund before ten years—or, in the case of female employees leaving to be married, before five years—he or she is entitled to receive the full amount of his or her contributions plus interest at 5 per cent compounded half yearly. After ten years' service—or in the case of female employees after five years' service if they leave to be married—the employee is entitled to withdraw from the fund the amount contributed by him or her, a proportion of the company's contribution, interest, and a proportion of the profits forfeited by employees leaving before the required time.

Sickness Pay, Etc.

While the company is not obligated to pay wages during illness, Mr. Hay, the secretary-treasurer of the company, states that it is the company's practice (excepting in the case of employees paid on an hourly rate basis) to pay a reasonable sickness allowance upon the recommendation of the department manager. The approximate amounts paid out in this manner to employees of the Toronto store and Mail Order Division during the past five years are stated by Mr. Hay to be as follows:—

1929.. . . .	\$ 18,051
1930	16,588
1931.. . . .	11,913
1932.. . . .	8,918
1933.. . . .	9,241

By Mr. Sommerville:

Q. Does that indicate improving health?—A. I think the employees are there much more frequently than they used to be.

Q. It may be a cutting down in the amount of sickness paid.

By Mr. Heaps:

Q. Have you the number of employees who have benefited by that sickness pay?—A. No, I have not.

By Mr. Factor:

Q. Have they a medical department?—A. Yes, there is a qualified doctor and nurses.

Q. And they render medical services to all their employees when required?
—A. Yes.

Sherbourne House Club

The company contributes \$5,000 a year to the Sherbourne House Club endowed by the late Mr. H. H. Fudger, former President of the company, which provides board and lodgings for almost a hundred of their female employees at \$5 per week.

Pensions

The company has no pension scheme but at present some 44 ex-employees are receiving pensions, the total of which amounts to approximately \$30,000 per year. The greater part of these pensions is paid out of a fund set aside by former shareholders of the company in 1929 which is now administered by a committee of trustees.

By Mr. Heaps:

Q. Who are entitled to this pension fund?—A. It is largely the older employees; there is no pension scheme.

By Mr. Sommerville:

Q. It was set up for certain definite pensioners?—A. It is not a scheme, although there are pensioners added from time to time. And there is also some amount being paid out by the company to former employees, but there is no regular scheme for it.

Mr. YOUNG: How do you qualify for one of those pensions?

Mr. KENNEDY (Winnipeg): Long and faithful service.

The WITNESS: It is not a definite scheme.

By the Chairman:

Q. Would it be correct to say that a board of trustees administer it and they shall determine who shall be added to the list.

Q. There is no entitlement to go on the list.

By Mr. Factor:

Q. Is there anywhere where you have a record of the number of years employees have been working?—A. Only those who are now getting pensions.

Q. Outside of the question of pension altogether, did you make a record of the employees working for say, three years, for five years, and for ten years?—

A. There are 5,000 employees. No, I have no record.

Q. I mean in percentage?—A. No. I can give you the number of years those employees who are receiving pension were with the company.

Decrease in sales, number of employees and wages paid

On Statement W-1 is shown comparative information for the past five years as to Toronto Store sales, merchandise transactions, number of employees and wages paid. This shows that while there has been a substantial decrease in the dollar sales volume the number of merchandise transactions has increased year by year. Total wages paid have decreased 30 per cent over the five-year period, from \$5,697,164 in 1929 to \$4,006,694 in 1933.

THE ROBERT SIMPSON COMPANY LIMITED AND SUBSIDIARY COMPANIES
Toronto Units—Wages

Statement W1

STATEMENT SHOWING COMPARATIVE INFORMATION FOR FIVE YEARS OF SALES, MERCHANDISE TRANSACTIONS, NUMBER OF EMPLOYEES AND WAGES PAID

Year	Sales—Toronto Store			Selling Staff—Toronto Store			Total Staff		
	Dollar Value	Number of merchandise transactions (excluding restaurants)	Average transaction value (excluding restaurants)	Average Number of employees	Wages Paid		Average Number of employees	Total Wages paid (excluding management)	Total Wages per week
					Amount	Per cent to sales			
1929 (52 weeks)	\$ 31,290,698	16,432,675	\$ 2 18	2,077	\$ 2,308,766	7.4	5,184	\$ 5,697,164	\$ 109,561
1930 (52 weeks)	30,917,406	15,432,861	2 30	2,144	2,330,725	7.5	5,010	5,436,421	104,547
1931 (53 weeks)	29,430,371	16,145,637	2 10	2,042	2,181,972	7.4	4,834	5,121,650	96,635
1932 (48 weeks)	22,458,679	14,769,220	1 73	1,927	1,760,061	7.8	4,535	4,085,119	85,107
1933 (52 weeks)	23,479,227	17,076,649	1 55	1,920	1,763,560	7.5	4,430	4,006,694	77,052
Percentage 1933 of 1929	% 75.0	% 103.9	% 71.1	% 92.4	% 76.4	%	% 85.5	% 70.3	% 70.3

By Mr. Sommerville:

Q. A little better than a million and a half average reduction in wages since 1929?—A. Yes.

Q. In other words, although the volume of sales has gone down the percentage of selling wages has been reduced with it?—A. No, the percentage of selling wages remains practically constant.

Q. I mean relatively constant to the volume?—A. Yes.

Q. Ordinarily, if the wages had remained at the same level they show an appreciable increase in the percentage of selling wages to the sales?—A. Yes.

Q. But by reduction in numbers and by reduction in salary and wages the percentage has been kept fairly level?—A. Yes.

By Mr. Heaps:

Q. When was the first decrease in wages made?—A. I am coming to that too, Mr. Heaps. Selling wages have decreased from \$2,308,766 in 1929 to \$1,763,560 in 1933. The summary shows that the percentage of selling wages to sales was 7.4 per cent in 1929 and 1931, 7.5 per cent in 1930 and 1933, and 7.8 per cent in 1932.

The reduction in the total of wages paid has been effected in the following ways:—

(a) *Reduction in the number of employees.*

On Statement W-2 attached is shown the average number of Toronto employees (exclusive of Executive and Management) in each of the past five years divided into various classifications. The actual number employed, of course, varies from week to week and from season to season. The reduction in staff during these years amounts in total to 14.5 per cent.

By Mr. Sommerville:

Q. That is W-2, is that not printed?—A. No.

Q. That is a short statement showing that in the retail selling departments and restaurant in 1929 there were 2,077; in 1930, 2,144; in 1931, 2,042; in 1932, 1,297; and in 1933, 1,920?—A. Yes.

Q. That is about 220 less than in 1930?—A. Yes.

Q. So in the Toronto branch there has not been a very extensive drop in the numbers?—A. Not as high as some of the other divisions.

Q. And the decrease there in the selling wage percentage would be in the amount of wages?—A. Yes.

By Mr. Heaps:

Q. It is interesting to note here that in the same period the number of merchandise transactions increased in 1929 from \$16,432,675 to \$17,076,649 in 1933?—A. That is right.

Mr. SOMMERVILLE: More transactions?

Mr. HEAPS: More transactions and less pay.

Mr. SOMMERVILLE: With fewer employees and less pay.

Mr. HEAPS: Yes.

Mr. SOMMERVILLE: That is the way in which the wage percentage level has been maintained.

Mr. HEAPS: Yes.

Mr. NASH: The transactions were less in value.

Mr. HEAPS: That might have been as the result of the drop in value of the merchandise

By Mr. Sommerville:

Q. Now, some of the Mutual Street services showed what?—A. A decrease from 1,483 in 1929 to 1,258 in 1933; administration and charge office an increase from 307 in 1929 to 316 in 1933; factories and work-rooms a decrease from 818 in 1929 to 589 in 1933; a total in 1929 of 5,184 and in 1933, 4,430.

Q. The percentage in 1929 would be 100 per cent as compared with 85.5 in 1933?—A. That is right.

Q. A 14.5 per cent reduction in the numbers of employees?—A. Yes, the average number.

(b) *Reduction in Wage Rates.*

During the past four years two wage cuts have been effected throughout all divisions of the organization excepting in the Mail Order Division where all employees other than executives, departmental managers and assistants were placed on a short-time basis.

These wage cuts were made on the following bases:—

Date Effective	Executives, Managers and Assistants (including Mail Order) per cent	Other Employees per cent
July, 1931..	10	—
September, 1931..	—	10
January, 1933..	15	10

There were many individual exceptions to these general cuts. Experienced female employees could not be reduced below \$12.50 per week because of the restrictions of the Ontario Minimum Wage regulations. Officials of the Company state that as a general rule the wage rates of married men were not reduced below \$20 per week at the time of the first "cut", or below \$18 per week at the time of the second. On the other hand, some employees were reduced by more than the above rates.

In April 1934 a partial restoration of the last cut was made; those who had not received an increase since the date of the last cut were given back 5 per cent to the nearest 50 cents, with a minimum of \$1 for full time employees. Increases were also made in the weekly wage rates in the Mail Order Division.

(c) *Reduction in time worked*

This is most apparent in the Mail Order Division where, as stated previously, no reductions in rates were effected except in managers' salaries. Short time and enforced holidays are also common in some of the factories and workrooms and there is evidence of it also in certain departments of the store. This is referred to in detail later in this memorandum.

(d) *Increase in number of part-time employees*

Coupled with the decrease in the number of full time employees there has been a slight increase in the numbers of regular part time employees, i.e. those working on a definite short-time schedule, as indicated by the following comparable figures for the weeks ending 8th January, 1930, and 10th January, 1934. (The regular number of hours for which these are employed is shown on Statement W-4.)

	1930	1934
Selling..	104	148
Restaurant..	161	179
Store Expense..	92	50
Administration and Charge Office..	0	4
Mail Order..	0	0
	<u>357</u>	<u>381</u>

Mr. FACTOR: When you speak of part-time employees, do you mean people who work so many hours a day or so many days a week?

The WITNESS: So many hours a day every day of the week.

The CHAIRMAN: There has been a material increase in part-time employees in the selling department.

The WITNESS: From 104 to 148 on the weeks which we examined

By Mr. Sommerville:

Q. That will be dealt with later?—A. It is a small percentage of the total number of employees in the sales department.

The CHAIRMAN: It is a small percentage—that is out of 1900?

The WITNESS: Yes.

(e) *Reduction in Holiday Allowances*

This practice, which applied to 1933 only, has been mentioned above.

(f) *One week's enforced holiday in 1931*

During the Spring and Summer of 1931 most employees were required to take six days extra holidays (either in one week or spread over a period) without pay.

*Comparison of weekly rates of full time employees
1930 and 1934 (Statement W-3)*

By Mr. Sommerville:

Q. Before we leave these methods adopted in bringing about a reduction in the percentage of sales wages, really the reduction in the number of employees was not very great?—A. No, it has not been.

Q. And the increase in the number of part-time employees was not very great?—A. No.

Q. So that practically the bulk of the wage reductions came in the form of definite wage cuts on existing employees?—A. Yes.

Toronto Units—Wages
WEEKLY WAGE RATES OF ALL FULL-TIME EMPLOYEES WHOSE NAMES ARE ON THE PAYROLLS
FOR THE WEEKS ENDED 8TH JANUARY, 1930, AND 10TH JANUARY, 1934 (EXCLUSIVE OF MANAGEMENT SALARIES)

Wage Class	Class Average	Total		Straight Wage		Basic Wage plus Commission			
		Number of Employees		Percentage to total		Number of Employees		Percentage to total	
		1930	1934	1930	1934	1930	1934	1930	1934
Store Selling Departments (excluding Restaurants)									
Male—									
Under \$10.....	\$ 9 00	6	9	0.9	1.5	9	1.1	1.8	.....
\$10.00 - \$12.00.....	11 00	20	39	3.1	6.4	39	3.8	8.0	.....
\$12.50.....	12 50	11	11	1.8	1.8	11	.....	2.2	.....
\$13.00 - \$15.00.....	14 00	26	64	4.1	10.6	25	4.7	13.1	.....
\$15.50 - \$18.00.....	17 00	51	115	7.9	19.0	49	9.2	22.9	.....
\$18.50 - \$21.00.....	20 00	79	125	12.3	20.7	77	14.5	23.7	.....
\$21.50 - \$25.00.....	23 50	161	78	25.1	12.9	153	28.7	12.2	.....
\$25.50 - \$30.00.....	28 00	95	104	14.8	17.2	82	15.4	6.9	.....
\$30.50 - \$35.00.....	33 00	57	28	8.9	4.6	37	7.0	4.1	.....
\$35.50 - \$40.00.....	38 00	32	21	5.0	3.5	29	5.5	3.1	.....
\$40.50 - \$45.00.....	43 00	56	7	8.8	1.2	14	2.6	1.4	.....
\$45.50 - \$50.00.....	48 00	15	3	2.3	0.5	10	1.9	0.4	.....
\$50.50 - \$60.00.....	55 50	21	1	3.3	0.1	11	2.1	0.2	.....
\$60.50 - \$75.00.....	68 00	17	.....	2.6	.....	13	2.4	.....	.....
Over \$75.00.....	Actual	6	1.1	0.9	.....	6	1.1	.....	.....
Total.....		642	605 00	100.0	100.0	532 00	490 00	100.0	100.0
Average Weekly Rate		\$ 29 02	\$ 21 43			\$ 26 96	\$ 20 02		
Female—									
Under \$10.....	9 00	8	4	0.8	0.5	8	4	0.5	.....
\$10.00 - \$12.00.....	11 00	19	10	1.9	1.2	18	10	2.1	.....
\$12.50.....	12 50	42	453	4.2	51.1	42	450	4.9	.....
\$13.00 - \$15.00.....	14 00	373	263	37.7	29.7	366	206	42.3	.....
\$15.50 - \$18.00.....	17 00	276	99	27.9	11.2	239	76	27.7	.....
\$18.50 - \$21.00.....	20 00	142	19	14.4	2.1	86	12	10.0	.....
\$21.50 - \$25.00.....	23 50	77	17	7.8	1.9	58	9	6.7	.....
\$25.50 - \$30.00.....	28 00	18	10	1.8	1.1	17	8	2.0	.....
\$30.50 - \$35.00.....	33 00	13	6	1.3	0.7	9	6	1.0	.....
\$35.50 - \$40.00.....	38 00	12	3	1.2	0.3	12	3	1.4	.....
\$40.50 - \$45.00.....	43 00	1	2	0.1	0.2	.....	2	0.3	.....
\$45.50 - \$50.00.....	48 00	4	.....	0.4	.....	4	.....	0.5	.....
\$50.50 - \$60.00.....	55 50	3	.....	0.3	.....	3	.....	0.3	.....
\$60.50 - \$75.00.....	68 00	2	.....	0.2	.....	2	.....	0.2	.....
Over \$75.00.....	Actual								
Total.....		990	886	100.0	100.0	864	786	100.0	100.0
Average Weekly Rate		\$ 17 49	\$ 14 26			17 12	14 03		

THE ROBERT SIMPSON COMPANY LIMITED AND SUBSIDIARY COMPANIES

(Toronto Units—Wages)

WEEKLY WAGE RATES OF ALL FULL-TIME EMPLOYEES WHOSE NAMES ARE ON THE PAYROLLS FOR THE WEEKS
ENDED 8TH JANUARY, 1930, AND 10TH JANUARY, 1934

(Exclusive of Management Salaries)

Wage Class	Class Average	No. of Employees		Percentage to Total	
		1930	1934	1930	1934
	\$ cts.			%	%
Restaurants (including \$3.50 per week meal allowance):					
Male—					
Under \$10.00.....	9 00				
\$10.00-\$12.00.....	11 00		1		1.2
\$12.50.....	12 50		7		8.0
\$13.00-\$15.00.....	14 00	1	29	0.8	33.3
\$15.50-\$18.00.....	17 00	55	13	45.0	14.9
\$18.50-\$21.00.....	20 00	28	17	22.9	19.5
\$21.50-\$25.00.....	23 50	11	10	9.0	11.5
\$25.50-\$30.00.....	28 00	12	5	9.8	5.7
\$30.50-\$35.00.....	33 00	7	1	5.7	1.2
\$35.50-\$40.00.....	38 00	3	2	2.5	2.3
\$40.50-\$45.00.....	43 00	3	1	2.5	1.2
\$45.50-\$50.00.....	48 00				
\$50.50-\$60.00.....	55 50	1	1	0.9	1.2
\$60.50-\$75.00.....	68 00				
Over \$75.00.....	Actual	1		0.9	
Total.....		122	87	100.0	100.00
Average Rate.....		\$22.27	\$18.94		
Female—					
Under \$10.00.....	9 00				
\$10.00-\$12.00.....	11 00		8		6.5
\$12.50.....	12 50	25	36	12.5	29.3
\$13.00-\$15.00.....	14 00	104	61	52.0	49.5
\$15.50-\$18.00.....	17 00	52	7	26.0	5.7
\$18.50-\$21.00.....	20 00	7	6	3.5	4.8
\$21.50-\$25.00.....	23 50	8	3	4.0	2.4
\$25.50-\$30.00.....	28 00		1		0.9
\$30.50-\$35.00.....	33 00	1		0.5	
\$35.50-\$40.00.....	38 00	2		1.0	
\$40.50-\$45.00.....	43 00		1		0.9
\$45.50-\$50.00.....	48 00				
\$50.50-\$60.00.....	55 50	1		0.5	
\$60.50-\$75.00.....	68 00				
Total.....		200	123	100.0	100.0
Average Rate.....		\$15.73	\$14.28		

THE ROBERT SIMPSON COMPANY LIMITED AND SUBSIDIARY COMPANIES

(Toronto Units—Wages)

WEEKLY WAGE RATES OF ALL FULL-TIME EMPLOYEES WHOSE NAMES ARE ON THE PAYROLLS FOR THE WEEKS
ENDED 8TH JANUARY, 1930, AND 10TH JANUARY, 1934

(Exclusive of Management Salaries)

Wage Class	Class Average	No. of Employees		Percentage to Total	
		1930	1934	1930	1934
	\$ cts.			%	%
Services and Expenses (excluding Charge Accounts and Administrative Offices):					
Mutual St. and Store.					
Male—					
Under \$10.00.....	9 00	63	51	7.6	7.1
\$10.00-\$12.00.....	11 00	33	31	4.0	4.3
\$12.50.....	12 50	6	6	0.8	0.8
\$13.00-\$15.00.....	14 00	18	46	2.2	6.4
\$15.50-\$18.00.....	17 00	48	197	5.8	27.4
\$18.50-\$21.00.....	20 00	162	251	19.5	34.9
\$21.50-\$25.00.....	23 50	295	53	35.5	7.4
\$25.50-\$30.00.....	28 00	106	35	12.8	4.9
\$30.50-\$35.00.....	33 00	32	13	3.8	1.8
\$35.50-\$40.00.....	38 00	22	16	2.6	2.2
\$40.50-\$45.00.....	43 00	8	4	1.0	0.5
\$45.50-\$50.00.....	48 00	11	4	1.3	0.5
\$50.50-\$60.00.....	55 50	7	7	0.8	1.0
\$60.50-\$75.00.....	68 00	13	5	1.6	0.7
Over \$75.00.....	Actual	13	1	1.5	0.1
Total.....		831	720	100.0	100.0
Average Rate.....		\$24.68	\$19.90		
Female—					
Under \$10.00.....	9 00	113	53	18.3	12.6
\$10.00-\$12.00.....	11 00	80	31	13.9	7.4
\$12.50.....	12 50	38	185	6.3	44.2
\$13.00-\$15.00.....	14 00	167	95	27.1	22.7
\$15.50-\$18.00.....	17 00	103	28	16.7	6.7
\$18.50-\$21.00.....	20 00	44	8	7.1	1.9
\$21.50-\$25.00.....	23 50	34	11	5.5	2.6
\$25.50-\$30.00.....	28 00	20	5	3.2	1.2
\$30.50-\$35.00.....	33 00	6	.....	1.0	.....
\$35.50-\$40.00.....	38 00	4	1	0.6	0.2
\$40.50-\$45.00.....	43 00	.....	.....	.....	.....
\$45.50-\$50.00.....	48 00	2	.....	0.3	.....
\$50.50-\$60.00.....	55 50	3	2	0.5	0.5
\$60.50-\$75.00.....	68 00	1	.....	0.2	.....
Over \$75.00.....	Actual	1	.....	0.2	.....
Total.....		616	419	100.0	100.0
Average Rate.....		\$15.35	\$13.47		

THE ROBERT SIMPSON COMPANY LIMITED AND SUBSIDIARY COMPANIES

(Toronto Units—Wages)

WEEKLY WAGE RATES OF ALL FULL-TIME EMPLOYEES WHOSE NAMES ARE ON THE PAYROLLS FOR THE WEEKS ENDED 8TH JANUARY, 1930 AND 10TH JANUARY, 1934

(Exclusive of Management Salaries)

Wage Class	Class Average	No. of Employees		Percentage to Total	
		1930	1934	1930	1934
	\$ cts.			%	%
Charge Accounts and Administrative Offices—					
Male—					
Under \$10.00.....	9 00	8	7	8.3	8.8
\$10.00—\$12.00.....	11.00	4	5	4.2	6.2
\$12.50.....	12 50	1	1	.....	1.2
\$13.00—\$15.00.....	14 00	8	6	8.3	7.5
\$15.50—\$18.00.....	17 00	8	11	8.3	13.8
\$18.50—\$21.00.....	20 00	8	15	8.3	18.8
\$21.50—\$25.00.....	23 50	13	8	13.5	10.0
\$25.50—\$30.00.....	28 00	9	6	9.4	7.5
\$30.50—\$35.00.....	33 00	9	5	9.4	6.3
\$35.50—\$40.00.....	38 00	9	6	9.4	7.5
\$40.50—\$45.00.....	43 00	2	4	2.1	5.0
\$45.50—\$50.00.....	48 00	5	2	5.2	2.5
\$50.50—\$60.00.....	55 50	5	1	5.2	1.2
\$60.50—\$75.00.....	68 00	4	2	4.2	2.5
Over \$75.00.....	Actual	4	1	4.2	1.2
Total.....		96	80	100.0	100.0
Average Rate.....		\$30.64	\$24.83		
Female—					
Under \$10.00.....	9 00	18	2	6.8	0.8
\$10.00—\$12.00.....	11 00	27	11	10.3	4.2
\$12.50.....	12 50	37	146	14.1	55.3
\$13.00—\$15.00.....	14 00	71	66	27.0	25.0
\$15.50—\$18.00.....	17 00	58	26	22.1	9.9
\$18.50—\$21.00.....	20 00	24	6	9.1	2.2
\$21.50—\$25.00.....	23 50	19	2	7.2	0.7
\$25.50—\$30.00.....	28 00	2	4	0.8	1.5
\$30.50—\$35.00.....	33 00	3	1	1.1	0.4
\$35.50—\$40.00.....	38 00	4	.....	1.5	.....
\$40.50—\$45.00.....	43 00	.....	.....	.....	.....
\$45.50—\$50.00.....	48 00	.....	.....	.....	.....
\$50.50—\$60.00.....	55 50	.....	.....	.....	.....
\$60.50—\$75.00.....	68 00	.....	.....	.....	.....
Over \$75.00.....	Actual	.....	.....	.....	.....
Total.....		263	264	100.0	100.0
Average Rate.....		\$15.72	\$13.80		

THE ROBERT SIMPSON COMPANY LIMITED AND SUBSIDIARY COMPANIES

(Toronto Units—Wages)

WEEKLY WAGE RATES OF ALL FULL-TIME EMPLOYEES WHOSE NAMES ARE ON THE PAYROLLS FOR THE WEEKS ENDED 8TH JANUARY, 1930 AND 10TH JANUARY, 1934

(Exclusive of Management Salaries)

Wages	Class Average	No. of Employees		Percentage to Total	
		1930	1934	1930	1934
	\$ cts.			%	%
Mail Order—					
Male—					
Under \$10.00.....	9 00	2	1	1.5	1.0
\$10.00—\$12.00.....	11 00	17	8	12.3	7.6
\$12.50.....	12 50	2	2	1.5	1.9
\$13.00—\$15.00.....	14 00	16	8	11.6	7.6
\$15.50—\$18.00.....	17 00	13	9	9.4	8.6
\$18.50—\$21.00.....	20 00	15	8	10.9	7.6
\$21.50—\$25.00.....	23 50	31	33	22.5	31.4
\$25.50—\$30.00.....	28 00	10	12	7.2	11.4
\$30.50—\$35.00.....	33 00	7	9	5.1	8.6
\$35.50—\$40.00.....	38 00	7	8	5.1	7.6
\$40.50—\$45.00.....	43 00	6	2	4.3	1.9
\$45.50—\$50.00.....	48 00	6	5	4.3	4.8
\$50.50—\$60.00.....	55 50	4		2.9	
\$60.50—\$75.00.....	68 00	2		1.4	
Over \$75.00.....	Actual				
Total.....		138	105	100.0	100.0
Average Rate.....		\$24.53	\$24.62		
Female—					
Under \$10.00.....	9 00	8		2.4	
\$10.00—\$12.00.....	11 00	48	2	14.2	0.8
\$12.50.....	12 50	70	76	20.8	31.1
\$13.00—\$15.00.....	14 00	122	103	36.2	42.2
\$15.50—\$18.00.....	17 00	59	39	17.5	16.0
\$18.50—\$21.00.....	20 00	14	9	4.2	3.7
\$21.50—\$25.00.....	23 50	5	8	1.5	3.3
\$25.50—\$30.00.....	28 00	7	3	2.0	1.3
\$30.50—\$35.00.....	33 00	2	1	0.6	0.4
\$35.50—\$40.00.....	38 00	1	1	0.3	0.4
\$40.50—\$45.00.....	43 00				
\$45.50—\$50.00.....	48 00				
\$50.50—\$60.00.....	55 50	1		0.3	
\$60.50—\$75.00.....	68 00				
Over \$75.00.....	Actual				
Pieceworkers.....	Actual		2		0.8
Total.....		337	244	100.0	100.0
Average Rate.....		\$14.66	\$14.92		

THE ROBERT SIMPSON COMPANY LIMITED AND SUBSIDIARY COMPANIES

(Toronto Units—Wages)

WEEKLY WAGE RATES OF ALL FULL-TIME EMPLOYEES WHOSE NAMES ARE ON THE PAY-ROLLS FOR THE WEEKS
ENDING 8TH JANUARY, 1930 AND 10TH JANUARY, 1934

(Exclusive of Management Salaries)

Wage Class	Class Average	No. of Employees		Percentage to Total	
		1930	1934	1930	1934
Factories and Workrooms—	\$ cts.			%	%
Male—					
Under \$10.00.....	9 00	2	2	0.4	0.6
\$10.00-\$12.00.....	11 00	15	14	2.6	4.0
\$12.50.....	12 50	3		0.5	
\$13.00-\$15.00.....	14 00	9	10	1.6	2.8
\$15.50-\$18.00.....	17 00	13	19	2.2	5.4
\$18.50-\$21.00.....	20 00	12	52	2.1	14.6
\$21.50-\$25.00.....	23 50	97	80	16.7	22.5
\$25.50-\$30.00.....	28 00	96	86	16.6	24.2
\$30.50-\$35.00.....	33 00	121	48	20.9	13.5
\$35.50-\$40.00.....	38 00	180	4	31.1	1.1
\$40.50-\$45.00.....	43 00	8	5	1.4	1.4
\$45.50-\$50.00.....	48 00	5	1	0.9	0.3
\$50.50-\$60.00.....	55 50	9	2	1.6	0.6
\$60.50-\$75.00.....	68 00	6	4	1.0	1.1
Over \$75.00.....	Actual	2		0.3	
Pieceworkers.....	Actual	1	28	0.1	7.9
Total.....		579	355	100.0	100.0
Average Rate.....		\$ 31 64	\$ 23 96		
Female—					
Under \$10.00.....	9 00	7	5	1.8	1.5
\$10.00-\$12.00.....	11 00	8	8	2.1	2.5
\$12.50.....	12 50	14	118	3.7	36.7
\$13.00-\$15.00.....	14 00	104	66	27.2	20.5
\$15.50-\$18.00.....	17 00	71	35	18.6	10.9
\$18.50-\$21.00.....	20 00	30	11	7.9	3.4
\$21.50-\$25.00.....	23 50	20	5	5.2	1.6
\$25.50-\$30.00.....	28 00	13	2	3.4	0.6
\$30.50-\$35.00.....	33 00	1	2	0.3	0.6
\$35.50-\$40.00.....	38 00	1	1	0.3	0.3
\$40.50-\$45.00.....	43 00	2	1	0.5	0.3
\$45.50-\$50.00.....	48 00	2		0.5	
\$50.50-\$60.00.....	55 50				
\$60.50-\$75.00.....	68 00				
Over \$75.00.....	Actual				
Pieceworkers.....	Actual	109	68	28.5	21.1
Total.....		382	322	100.0	100.0
Average Rate.....		\$ 15.47	\$ 13.40		

On Statement W-3 attached is shown a comparative summary according to rate groups and according to various classifications of the full time employees (exclusive of Management) appearing on the pay-rolls for the weeks ending 8th January, 1930, and 10th January, 1934. This statement is designed to show the average weekly rate and includes all regular full time employees on the pay-rolls on these dates. In both years some of these employees did not work during the week due to sickness, holidays, temporary lay-offs, or to having left the services of the company, without official notification of this being received by the wage office at the time the pay-roll was prepared. It must also be remembered that due to overtime, short time and commissions, some employees' earnings were not identical with their weekly wage rates. The wage rates shown on this statement are not those in force at the present time. As already explained, a partial restoration of the last cut was made in April, 1934.

Q. What was the recommendation regarding the increase that was made in 1934?—A. Employees getting a certain rate of pay got a minimum increase of \$1; those getting a higher rate of pay got 5 per cent increase instead of that dollar minimum, calculated to the nearest 50 cents.

Q. One dollar a week minimum extra pay was given in April, and 5 per cent to the nearest 50 cents on anything over a dollar?—A. The exceptions to the application of the wage cuts and the wage policy regarding new employees have resulted in a different grouping of employees in rate classes than would have occurred had these reductions been applied strictly to the pay-rolls as they stood at the time. In the selling departments 27·5 per cent of the female employees were receiving more than \$18 per week in 1930 and applying only the general cuts these employees should still be receiving more than \$15 per week in 1934. In actual fact, only 17·6 per cent received more than \$15 per week in 1934. In 1930 46·6 per cent of the male workers received more than \$25 per week, while in 1934 only 40 per cent received more than \$21 per week.

Q. Before you leave that—A. Those are dealt with in detail again.

Q. Are they dealt with in detail again so as to indicate the proper proportions?—A. Not in all cases, but most of them are dealt with under different sections.

Part-Time Employees (Statement W-4).

On this statement is listed the number of part-time employees working definite hours each day (e.g. 11-5.30) shown on the pay-rolls of 8th January, 1930, and 10th January, 1934, analysed according to the number of hours worked.

While these employees are hired for a certain number of hours per day, they may work longer than those hours and on days of sales, Saturdays and before holidays, some may be working full time.

Nearly all of these employees are women and in January, 1934, were being paid 27 cents per hour or at the rate of \$12.96 per week. In the earlier year the same uniformity of rates is not noticeable and the average rate was slightly higher.

Part-time employment is not a recent innovation in the store and in relatively few cases were present part-time sale clerks formerly employed as full-time clerks. A large proportion of these clerks are married women, the number of such in each division being shown on the statement.

Contingents (Statement W-5).

In addition to regular part-time employees there are numerous "Contingents" or "Extras" available as required. As explained previously there are within this class many different conditions of employment.

No records are kept as to the regularity of employment or the earnings over a period of individual "contingent" employees. Statement W-5 shows the number actually working in the two weeks 8th January, 1930, and 10th January,

1934. There is a substantial reduction from 1930 in the number of both male and female employees in 1934 and, in the case of male employees, a substantial increase in the number of hours worked. As in the case of regular part-time employees, the majority were receiving 27 cents per hour in 1934 and in 1930 a rate slightly higher on the average, but more widely varying.

RETAIL SELLING DEPARTMENTS—TORONTO STORE

The average number of persons employed in the selling departments of the Toronto store is approximately 1,700, although the actual number fluctuates from time to time. This figure does not include departmental managers of whom there were 55 at 10th January, 1934.

Full-Time Employees.

As shown on Statement W-3 the number of full-time employees on the two pay-rolls summarized were:—

	8th January, 1930	10th January, 1934	Decrease
Male..	642	605	
Female..	990	886	
Total..	1,632	1,491	
But of these, those who did not work totalled	115	52	
Leaving a working staff of..	1,517	1,439	5.1%

Mr. HEAPS: I notice on page W-3, page 3, male employees, Mutual store, 62.3 per cent of the male employees received between \$17 and \$20 per week?

WITNESS: Those are all commented on in this memorandum later.

A general levelling of rates at and near the minimum wage has occurred since 1930 and statement W-3 shows that 51.1 per cent of the female employees were being paid at the rate of \$12.50 per week in 1934. In Department 229 (Hosiery) at 10th January 1934 there were 27 female employees of whom two received \$17 per week; one \$13.50; two \$13 and twenty-two \$12.50. Of those receiving \$12.50, three entered the Company's employ during the last three years and the other nineteen three years previously were receiving quite divergent rates as follows:

\$18 00..	1
\$17 00..	2
\$16 00..	2
\$15 50..	1
\$15 00..	7
\$14 50..	1
\$14 00..	2
\$13 50..	2
\$12 50..	1

By Mr. Sommerville:

Q. And they are all at \$12.50 now?—A. Not all. There were 27 employees of whom two received \$17 per week—yes, that is right.

Q. All of the nineteen you are mentioning who were there three years previously have been reduced from \$18 to \$17 to \$16 to \$15.50 to \$15 to \$14.50 to \$14 to \$13.50 to \$12.50?—A. Yes.

Q. And the minimum wage, of course, is \$12.50—A.

The average rate of these employees in 1930 was \$15.08 and the average reduction was 17 per cent but the reduction was not shared equally by each.

In addition to reductions in wage rates most employees were required to take one week's holiday without pay in the Spring of 1931, and, in at least two selling departments (Ladies' Coats and Ladies' Millinery) short time or enforced holidays were in effect in January 1934.

That was also the case in earlier years.

Q. The same practice prevailed?—A. Yes. Mr. J. G. Clarke, the store superintendent, gives that this is a general practice in the Ladies' coats trade, due to the very seasonal nature of the business. Some of the Ladies' Coat Department employees are transferred to other departments during the Christmas rush and in January most of these employees took one or two weeks holiday without pay—and in February worked five days a week. Two-thirds of these employees are paid a basic wage plus a commission of $\frac{4}{5}$ of 1 per cent of sales. The average basic wage rate is about \$3 per week above the average for female sales clerks as a whole and the commission averaged more than \$2 per week in the last six months of 1933. These higher rates earned during full-time employment tend to offset the loss due to short time.

Q. You are referring to the Ladies' Coat department where they have to take the enforced two weeks holidays?—A. Yes, and the point was that the average basic wage rate is about \$3 per week above the average for female sales clerks as a whole.

Commissions

About 15 per cent of the selling staff in both 1930 and 1934 were receiving a commission over and above a basic wage rate. These commissions are not paid in all departments, nor do all employees within a department which does pay commissions necessarily receive any.

Commissions are paid as a percentage to sales or to sales over a quota. The rates vary considerably and there may even be three or four different rates within the same department.

Officials of the Company state that no complete records are kept of total commissions earned by employees. An analysis of commissions paid for the last six months of 1929 and the last six months of 1933 show the total amount distributed in commissions in these periods to be \$50,600 and \$33,300 respectively and Statement W-6 shows the average weekly commission earned during these two periods by the employees, divided accordingly to selling groups. In preparing Statement W-3 (the Comparative Wage Rates of full-time Employees) the average amount of commissions earned in each group has been added to the basic wage of each employee receiving commissions within the group. The rates of employees receiving commissions are shown separately under Selling Departments.

Q. Is that shown on W-3, page 1?—A. Yes. They first deal with the employees in total and then on a straight wage and then on the basic wage plus the commission.

Q. And this shows the number that were on the basic wage plus commission?—A. Yes.

Q. A total of 115 employees in 1934?—A. As against 110 in 1930—that is male employees.

Q. And formerly 100 got commission as against 126 in 1930 out of a total of 1,900 employees?—A. Yes.

There are also a few employees in the Central Garage and Home Furnishing Service who receive a commission and these are included in the statement under "Store and Mutual Street Services," their rates having been similarly adjusted.

"Spiffs" or special awards are sometimes paid to sales clerks. These totalled \$3,334.53 in the last six months of 1929 and \$5,735.48 in the last six months of 1933 but no adjustments have been made for these items.

Demonstrators

In addition to the regular selling staff employed by the Company, there are certain selling clerks on the floor called "demonstrators" whose wages are paid by outside firms. These "demonstrators" are interested in selling one line or product only and officials of the Company state that as a general rule they will not handle any other sales. Some of these are more or less permanently placed

with Simpson's; others remain only a few days. Some were formerly regular employees of Simpson's and others have been sent to the Company by the outside firms, but they are all subject to the general store discipline. Their names appear on the payroll merely as a matter of record but no details of wages are shown and they have not therefore been included on Statement W-3. At 10th January, 1934, there were 117 demonstrators on the payroll as compared with 84 four years previously—the increases being largely in the Toy and the Stoves, Electric Refrigerators and Washing Machines Departments.

There are also certain regular employees of the Company who are paid by the Company but whose wages or part of them are charged to outside firms. During 1933 the amounts so charged totalled approximately \$24,000. These employees are included with the regular store employees in the attached schedules.

Q. During 1933 the Robert Simpson Company charged back to the manufacturers \$24,000 for the wages of demonstrators?—A. That is approximately the figure.

Q. Perhaps at this time you could produce one statement of a period of certain weeks in the Montreal store where there were demonstrators; can you introduce that as indicating what a large part that plays in the business of the department?—A. That comes in under the Montreal wages, sir.

Q. That comes in under the Montreal wages in this present record, does it?—A. Yes.

Q. All right, we will leave it at that. You might not have the minimum wages in that detail. Perhaps that would illustrate the effect on any department. It is a short statement?—A. Statement MW-5 shows—

Q. What does statement MW-5 show?—A. The total selling wages in the toilet goods department were \$238.80 in the week of January 10, 1931, of which \$179.50 was recovered from suppliers and the balance was paid by the company.

The CHAIRMAN: How much?

The WITNESS: \$59.

Mr. SOMMERVILLE: \$59 was the wage paid by the company—\$179.50 was the wage paid by various companies that supplied demonstrators, and the total sales of that department for that week were—

The WITNESS: \$2,332.

Mr. SOMMERVILLE: In other words, the company paid a wage percentage to sales of 2.52 per cent on that department while the manufacturers to whom the charge was made paid 7.9 per cent, and the total percentage of sales to that department was 10.21 per cent of which the company paid less than a quarter?

The WITNESS: Yes.

Mr. YOUNG: That is a much higher rate than the average rate for the whole business. I suppose that is due to the fact that demonstrators take time.

Mr. FACTOR: I suppose demonstrators have a certain advertising value.

The WITNESS: I think the explanation of that is that this was a quiet week—the 10th of January.

By Mr. Sommerville:

Q. It was a quiet week following New Years. That may account. All right, go ahead.—A.

Part-Time Employees

There are two classes of part-time employees: those working certain definite hours every day (e.g. 11-5.30) and those on the contingent staff. There has been

an increase in the number of part-time employees working definite hours during the past few years, as is shown in the following table:—

Regular Hours	8th January, 1930	10th January, 1934
19 to 24 hours per week.. . . .	20	26
25 to 30 hours per week.. . . .	3	4
31 to 36 hours per week.. . . .	67	114
More than 36 hours per week.. . . .	14	4
	<hr/> 104	<hr/> 148
Number of women.. . . .	<hr/> 101	<hr/> 148
Number of married women.. . . .	<hr/> 76	<hr/> 69

It will be seen from the above that in 1930 approximately 75 per cent of these part-time employees were married women while in 1934 they comprised 46 per cent, unmarried girls making up 25 per cent in 1930 and 54 per cent in 1934.

Contingent Employees

As shown by Schedule W-5 the number of Contingent Employees used in Selling Departments has decreased from 537 in the week ended 8th January, 1930, to 242 in the comparable week four years later.

Mr. FACTOR: Are they working so many hours a day?

The WITNESS: No, they are called in for specials.

Mr. FACTOR: That means that the regular staff are taking charge of the special sales to a larger extent than before?

The WITNESS: Yes, I would say so, as far as that one week is concerned.

RESTAURANT EMPLOYEES

The store operates five restaurants, namely, the “Arcadian Court,” two cafeterias (one for employees only), a coffee shop and a luncheonette. The “Arcadian Court” is much the largest and accounts for more than half the total staff. In addition, there is an employees’ cafeteria in the Mutual Street building which has only a few full-time employees and is included in Statement W-3—under “Store and Mutual Street Services” in conformity with the company’s classification.

The payroll analyses of 8th January, 1930, and 10th January, 1934, show that the store restaurants were staffed as follows:—

	Male		Female		Total	
	1930	1934	1930	1934	1930	1934
Full time employees.. . . .	122	87	200	123	322	210
Part time employees—						
Three-quarter time.. . . .	0	5	41	80	41	85
Half time.. . . .	1	2	119	30	120	32
Three hours per day.. . . .	0	1	0	61	0	62
Contingent employees.. . . .	3	0	4	0	7	0
	<hr/> 126	<hr/> 95	<hr/> 364	<hr/> 294	<hr/> 490	<hr/> 389

Mr. SOMMERVILLE: This is, apparently, an innovation—three hours a day.

The WITNESS: Yes.

Employees working three hours per day usually work from 11.30 to 2.30 or 12 to 3; those on half-time 11 to 3 and those on three-quarter time 8-3 or 11-5.30.

The reduction in staff in recent years is entirely among the class of full-time employees. However, eighteen full-time employees in 1930 were working part time during 1934, most of them on three-quarter time. In addition, the

working schedule of certain part-time employees who were with the company at both dates has been decreased:—

From three-quarter to half-time	4
From three-quarter time to 3 hours per day.....	3
	— 7
From half-time to 3 hours per day.....	21

These do not necessarily represent all the decreases in working hours, because the employees included are only those who were employed on both dates—and these are only about 45 per cent of the present staff.

On the other hand, two part-time employees of 1930 are now working full time, and six half-time employees have been increased to three-quarter time.

Wage rates vary somewhat but the majority of waitresses in the Arcadian Court were receiving the following weekly rates at 10th January, 1934:—

	Cash	Meal Allowance	Total
Full time..	\$9 00	\$3 50	\$12 50
Part time—			
Three-quarter time..	8 00	3 00	11 00
Half time..	6 50	2 00	8 50
Three hours per day..	5 00	1 50	6 50

Mr. FACTOR: When you speak of meal allowances, do you mean the value of the meal they take?

The WITNESS: Yes.

Mr. HEAPS: Is that in compliance with the terms of the Ontario Minimum Wage Law?

The WITNESS: Yes.

Mr. SOMMERVILLE: The Ontario Minimum Wage Law, as I recall it, prescribes a 50 cent allowance for three meals every day. That would amount to \$3 a week.

The WITNESS: I think the minimum wage is not more than 25 cents per meal.

Mr. NASH: Two and one-third meals a day at 25 cents for six days.

Mr. HEAPS: They get two and a third meals a day, do they?

By Mr. Sommerville:

Q. Is this for thirty-six hours per week?—A. I think we are coming to that, sir.

In addition to the wages received the waitresses receive some further remuneration in the form of tips. The manageress of the Arcadian Court advises that there is no general pooling of tips—although many of the waitresses give a portion of their tips to bus boys and bus girls servicing their tables. She also states that the company provides all uniforms and launders them at its own expense.

“Meal allowances” are those which the company’s officials state are used in computing the minimum wage requirements. Full-time employees receive two full meals a day and a “snack”; part-time employees receive at least one full meal and one “snack”—the actual number depending upon the hours worked.

Order No. 27 of the Ontario Minimum Wage Board provides that “A female employee who works thirty-six (36) hours per week or longer shall receive the full weekly minimum, but if she works less than thirty-six (36) hours she may be paid at a rate of twenty-five (25) cents per hour.” There are no part-time employees working on a regular schedule of 36 hours a week or longer, but there are two classes of employees who may work between 36 and

48 hours during some weeks and who receive less than \$12.50 after allowance for meals. These are:—

1. Full time employees who only work 5 or 5½ days during a week.
2. Part-time employees working on a regular schedule of 33 hours with at least 3 hours overtime.

Officials of the company state that they do not consider that the above section of the order requires them to pay these employees more than at the rate of \$12.50 per week for 48 hours.

Q. That is 33 hours. Part-time employees who work 33 hours on regular schedules and then work three hours overtime do not come within the 36-hour regulation of the Minimum Wage Law?—A. It depends upon the interpretation of the ruling.

Mr. HEAPS: It would be a form of evading the Minimum Wage Law.

By Mr. Sommerville:

Q. At any rate, their interpretation is that the Minimum Wage Law does not require them to pay \$12.50 per week?—A. Yes.

By the Chairman:

Q. Who fixes the regular week of 33 hours? How is that arrived at? Does the company simply say that a certain class of work is 33 hours a week?—A. Yes.

Q. If that is so should not they get the minimum wage—if that is the regular week?

By Mr. Sommerville:

Q. If they call in employees for six hours a day for six days a week that gives them a 36 hour week, and under the Minimum Wage Law that would require them to pay \$12.50?—A. Yes.

Q. Just as if they had worked for 48 hours; is that correct?—A. Yes.

Q. But if, instead of calling them in for six hours, the company calls the employees in for 5½ hours each day for six days that makes a 33 hour week, and under those circumstances they would be required only to pay them at the rate of 25 cents an hour for the 33 hours?—A. Yes.

Q. And if they worked extra hours, say, bringing them up to 38 hours per week, then they would only require to pay them for the overtime of five hours?—A. Yes, that is the interpretation.

Q. That is the interpretation that has been put upon it?—A. Although actually their wage rate is more than 25 cents per hour.

Q. I quite appreciate it; but that is the interpretation that has been put upon it?—A. Yes.

Q. Is that the time, from 11 o'clock?—A number of these employees come in from 11.30 to 5.30?—A. from 8.30 to 2.00, from 11.00 to 5.30.

Q. Does that make 5½ hours?—A. There is time off for meals.

Q. Time off for meals will make 5½ hours?—A. Yes.

Mr. HEAPS: What do the companies save by this means?

Mr. SOMMERVILLE: They save the difference between 33 hours and 48 hours.

Mr. HEAPS: Then they pay 3 hours overtime?

Mr. SOMMERVILLE: If they paid 3 hours overtime.

Mr. HEAPS: That is where the saving comes in.

By the Chairman:

Q. Of course, they only pay 36 hours at the rate of 25 cents an hour?—A. Actually they pay more than that.

By Mr. Sommerville:

Q. In this case it is 27 cents an hour?—A. Yes.

Q. But we are talking of the principle involved?—A. Yes

Mr. HEAPS: They save about \$3 per week approximately.

Mr. SOMMERVILLE: Between \$2 and \$3 per week on this basis.

Mr. FACTOR: On 85 employees.

By Mr. Sommerville:

Q. Is it 85 employees? That is only for the restaurant that the 85 employees are affected by that.—A. This is the only place where this occurs.

By the Chairman:

Q. It is the only place where it occurs?—A. Yes.

Q. Are these 33 hour a week employees working away steadily with the extra 3 hours? Is it pretty regular employment?—A. Not always.

Q. Not regular?—A. No.

Q. Are they regular employees, or are they just called in for a short time? —A. No, I would say they are regular employees.

Mr. HEAPS: 5½ hours a day is not a bad day's work.

The CHAIRMAN: No, that is quite true.

Mr. SOMMERVILLE: You are talking of the hours of this committee.

Mr. HEAPS: We will have to have an investigation into those.

Store Services

Included in this classification are all store employees not directly connected with selling departments or the charge and administrative offices, such as advertising staff, parcellers, elevator operators, telephone order office employees and janitors. As shown on Statement W-3 the number of full-time employees in these departments was—

	At 8th January, 1930	At 10th January, 1934
Male.. . . .	831	720
Female.. . . .	616	419
Total.. . . .	1,447	1,139
But of these, those who did not work during the week totalled.. . . .	111	33
Leaving a working staff of.. . . .	1,336	1,106

The reduction in the number of full-time employees in this division has been more pronounced than in the selling, being 17 per cent over the four years. The average wage rate for men has fallen by 19·4 per cent; that for women by 12·2 per cent. Of the latter the number receiving \$12.50 per week, the minimum wage, has increased from 6 per cent to 44 per cent of the total during the period.

By Mr. Sommerville:

Q. 44 per cent of the total number of employees in this store service department?—A. Yes, female employees.

Q. 44 per cent of these female employees of the store service department are now receiving \$12.50 per week?—A. At January 10, 1934.

Q. As compared with 6 per cent that were receiving that amount in 1930? —A. Yes.

Q. And all over 6 per cent were receiving more than that?—A. Yes. Well, there are a few underneath.

Q. There are exceptions?—A. Yes.

Q. But generally speaking, that is so?—A. Yes.

Q. All right, will you continue?—A. Yes.

The following comments are made upon certain of the departments of the Store Services group.

By Mr. Factor:

Q. In both the Store Services and Selling Services, are all the female employees 100 per cent under the minimum wage, or do they take advantage of the 80-20 clause?—A. No, that only applies to the factory, that 80-20.

Q. It is 100 per cent in the selling and in the Store Services?—A. Yes. The employees in this department are principally young people under the age of 20. Officials state that it is the policy of the company to hire inexperienced workers for parcelling and later to transfer them to the selling departments with which they have been working.

The reduction in the number of parcellers employed amounted to 31 per cent over the four years which is greater than the average reduction. The staffs in 1930 and 1934 are summarized on Statement W-7.

By Mr. Sommerville:

Q. There is a reduced volume, but this reduction is larger than the reduction in the other selling staffs?—A. That is right.

Q. And the number of transactions was increased?—A. Yes.

Q. So that you are getting much more work done by these parcellers than before?—A. Yes.

It will be seen from this statement that the total number of parcellers has declined from 194 in 1930 to 134 in 1934. In 1930 70 per cent of the staff were female employees and in 1934 63 per cent were females. Average weekly wage rates at the two dates were as follows:—

Week Ending	Male	Female	Male and Female
8th January, 1930.. .. .	\$14 75	\$10 40	\$11 77
10th January, 1934.. .. .	12 42	10 74	11 36

By Mr. Young:

Q. How do you account for that?—A. It is explained later.

It will be noted that the average rate for female employees has increased somewhat during the period. This is caused by the decrease in the number of inexperienced employees who were receiving less than \$12.50 per week, this class having decreased from 93 to 41, or from 66 per cent to 48 per cent of the total. There has been a corresponding increase in the proportion of experienced employees who are subject to the full minimum wage rate of \$12.50 per week. Fewer new employees are being engaged so that more of those on the staff now rank as fully experienced workers.

Q. They don't follow the practice of laying off the experienced to hire the cheaper ones?—A. No.

A tendency to concentration at the \$12.50 rate in 1934 is seen in a comparison of percentages for the two periods. In 1930, 14.2 per cent of the female employees were paid at the rate of \$12.50 per week; in 1934 51.8 per cent were paid at this rate and none were paid over \$12.50.

Mr. SOMMERVILLE: None were paid over \$12.50.

Mr. FACTOR: No females.

By Mr. Kennedy (Peace River):

Q. What is the sense in that last sentence, "In 1934, 51.8 per cent were paid at this rate, and none were paid over \$12.50?—A. None paid less.

By Mr. Sommerville:

- Q. Those are parcellers?—A. Yes, those are parcellers.
Q. That is, 51 per cent were paid \$12.50?—A. Yes.
Q. And \$12.50 is the maximum?—A. Yes.
Q. Or minimum under the minimum wage law?—A. Yes.

By Mr. Factor:

- Q. For experienced?—A. For experienced, yes.
Q. For inexperienced the minimum wage provides a lower rate?—A. Yes

By Mr. Sommerville:

- Q. But 51 per cent have reached the minimum?—A. Yes.
Q. The minimum has become the maximum for 51 per cent?—A. Yes.

By Mr. Factor:

- Q. How many male parcellers are there?—A. In that group, statement W-7, 60 in 1930; 50 in 1934, 134 females in 1930, and 84 in 1934; a total of 194 in 1930, and 134 in 1934.
Q. I didn't get the number of males?—A. 60 in 1930, and 50 in 1934.
Q. Would that be boys?—A. Yes.
Q. Boys around 20?—A. Yes.

By Mr. Sommerville:

- Q. About 17, I think it is?—A. Yes.

By the Chairman:

- Q. I see in 1930 there were no boys at \$6 a week and in 1934 there were 12?—A. That is right.

In 1934 there were 12 boys, all about the age of 17, employed at a rate of \$6 per week, which is less than the minimum wage rate for inexperienced females in Ontario. These were all taken on to the regular staff during 1933. In 1930 there were no parcellers receiving less than \$8 per week which is the minimum wage for an inexperienced female 16 years old. There were also four girls under the age of 16 employed in 1934 at a rate of \$7 per week.

Mr. FACTOR: Do I understand by that first statement that in 1934 there were 12 boys employed at the rate of \$6 per week?

Mr. SOMMERVILLE: Yes.

Mr. FACTOR: That is less than the minimum wage rate?

By Mr. Sommerville:

- Q. It does not apply to boys?—A. No.
Q. If they were girls, it would have to be \$8?—A. Yes.
Mr. KENNEDY (*Peace River*): It is less than the minimum wage rate for females.

By the Chairman:

Q. There is a certain number of females in this branch that are paid less than the minimum wage for that class, is that right?—A. There are special permits for those from the Minimum Wage Board. Oh, they are under the age of 16, and the minimum wage does not apply to under 15, and there are working permits for those.

By Mr. Sommerville:

- Q. They have to get working permits to enable them to work under 16?—A. Yes, which they have.

Q. The minimum wage does not apply until they reach 16?—A. That is right.

There has been some short time in this department since January, 1934. Some employees are working only five days a week, although others have received full employment during the period. In addition to the full time parcellers a contingent staff is employed. In the week ending 8th January 1930, 27 were employed and in the week ending 10th January, 1934, 33 were employed. Most of these worked less than 16 hours a week and are paid at varying rates.

Telephone Order Office

This office handles incoming telephone orders—and all the employees are women with the exception of the Manager. Most of the orders are received in the morning between 9 and 11 o'clock. A comparison of the number of female employees in this department during the weeks ended 8th January 1930 and 10th January 1934 shows:

	1930	1934
Full time employees..	22	38
Part time employees with definite hours..	78	41
Extras..	3	81
	<hr/> 103	<hr/> 160

While employment is being provided for more people in 1934 this is caused by the larger number of extras being used in this year—61 of whom worked for 16 hours ($\frac{1}{2}$ time) or less during the week. The part time employees and the extras are required to handle the morning peak. An analysis of the hours worked and earnings of the part time employees during the three months, 1st September to 30th November 1933 shows that during this period 43 women were regularly employed on a part time basis, all at the rate of 27 cents per hour. Their weekly earnings were:

Class	Total number	Number of married women
Less than \$3.00 per week..	3	3
\$ 3.01—\$ 5.00 per week..	13	12
\$ 5.01—\$ 7.00 per week..	9	5
\$ 7.01—\$ 9.00 per week..	8	5
\$ 9.01—\$11.00 per week..	6	3
\$11.01—\$13.00 per week..	4	1
	<hr/> 43	<hr/> 29

Q. These are telephone operators who receive the telephone calls?—A. Yes, that is right.

Q. Telephone clerks, really?—A. Yes.

By Mr. Factor:

Q. Part-time ones?—A. Yes.

By Mr. Sommerville:

Q. Will you continue?—A. Yes.

The average wage earned by these 43 employees was \$6.63 per week. Among the full time employees during the same period there are several girls working only five and a half days a week. Company officials state that this is due to the employees' personal wishes and not to any enforced short time.

The head of this Department states that no one in this department is employed as an extra or on a part time basis who is solely dependent on this work for means of support, and that it is necessary to maintain a large staff of extras to handle the heavy volume on days of special sales.

Drivers

On Statement W-8 is shown the wage rates paid to drivers at 8th January, 1930, and 10th January, 1934. This also shows the tendency towards equalized rates and concentration in one rate group. With females this rate is always \$12.50, the minimum wage, but with these drivers the rate is *more* than \$18 (the standard for married men set by the Company).

MR. KENNEDY: (*Peace River*): What is the meaning of the word "drivers"?
The WITNESS: Deliverymen.

MR. SOMMERVILLE: Drivers of wagons and motors.

By Mr. Kennedy (Peace River):

Q. Not women?—A. No. By this is not meant female drivers.

Q. What is the meaning of that "with females this rate is always \$12.50?"—
A. That is throughout the store, not the driving group.

MR. SOMMERVILLE: The witness is indicating that there is a concentration point in wages. For women the minimum has become maximum, in large proportions, but with the men the concentration has not reached that point.

MR. KENNEDY (*Peace River*): It is just a comparison?

MR. SOMMERVILLE: Yes. The rate is more than \$18 for the drivers.

By Mr. Heaps:

Q. Which is the basis of wage that the company sets for the married men in the store?—A. Yes.

Q. \$18 is their wage?—A. Yes, that is the minimum they have set.

There is no evidence of short time. Drivers are paid for overtime and in addition to the above rates they receive a bonus of \$10 per month subject to their good behaviour. During the week ended 24th January, 1934, 129 drivers received the full bonus of \$10 and 21 others lesser amounts. An official of the wage office states that this bonus system has been in effect for some years.

Mr. Sommerville:

Q. With reference to the drivers, what are their hours? That is something that has been brought to our attention, the long hours they have to work to make their deliveries?—A. They start at seven, but they are allowed more time off during the day than the regular staff.

Q. Yes, but they have to work a lot at night?—A. On some occasions, yes. The hours vary.

Q. They have to work until they get their delivery finished?—A. Yes.

The CHAIRMAN: It has been complained that their hours are what is called excessive. Have you any record of the hours these men work, that is, from the time they check in until they are finished? Because, if a man is lying around doing nothing, simply because there is no delivery, it is not a very pleasant task for him, if he has to start at seven o'clock in the morning, and end at nine o'clock at night.

MR. SOMMERVILLE: It is like the man who was storm-bound in the Orkneys, who wanted to know what instructions his Aberdeen house would give him. They said, "Take your summer holidays dating from yesterday."

By the Chairman:

Q. Have you got a record of that?—A. I have not a record of the hours worked.

The CHAIRMAN: Perhaps, Mr. Sommerville, we should turn to W-8, and just examine that sheet. Perhaps Mr. Adamson can give us some enlightenment on that.

Mr. FACTOR: We have not got a copy of it.

Mr. SOMMERVILLE: It is a short statement.

The CHAIRMAN: Mr. Sommerville will indicate what it contains.

Mr. SOMMERVILLE: On statement W-8 are the weekly wage rates (exclusive of bonuses) of drivers on the pay-rolls of 8th January, 1930, and 10th January, 1934. On the 8th January, 1930, there were no drivers who were receiving \$15 or less. In 1934, there was one. In 1930, there were two who were receiving \$15.50 to \$18. To-day there are 65 receiving \$15.50 to \$18.

Mr. HEAPS: I presume that is single men.

Mr. SOMMERVILLE: Oh, I don't think so.

The WITNESS: I think most of these are single men.

Mr. Sommerville:

Q. Are these single men who are getting the lower wage?—A. Yes.

The CHAIRMAN: Let us get that all down as it is.

Mr. SOMMERVILLE: They are likely to remain single at that rate. In 1930 there were 19 men receiving \$18.50 to \$21. This year, 96 men got that rate. In 1930, 112 men got from \$21.50 to \$25. To-day, 12 men get that, 100 less. In 1930, 49 men got from \$25.50 to \$30, and to-day 4 men get that, or 45 less. In 1930, 2 men got from \$30.50 to \$35, and to-day one man gets that. In 1930, 3 men got \$35.50 to \$40, and to-day nobody gets that amount. In 1930, one man got over \$40, and to-day one man gets over \$40. At that time there were 188 drivers. To-day there are 180 drivers.

The WITNESS: Those are wage rates, not actual wages paid.

Mr. Sommerville:

Q. Those are weekly rates?—A. Yes.

Q. But those are the weekly rates that would have been earned by the men if they worked the week?—A. Yes.

By the Chairman:

Q. If a man checks in at seven o'clock in the morning, that is a driver, and he is not busy during the whole day, and works, say until eight o'clock at night, is there a record of what hours he would get?—A. He gets paid for all the time.

Q. The full time?—A. Yes.

Mr. Sommerville:

Q. With regard to the wages of the 96 men who constitute 50 per cent of the drivers, if a man were getting \$18.50 a week, we will say, that would cover the whole time he is working, from seven in the morning until whatever hour he is finished?—A. Except that he gets overtime for the hours over the normal working day.

The CHAIRMAN: That is what I am trying to find out.

Mr. SOMMERVILLE: I don't understand that.

By Mr. Factor:

Q. That is the rate you are reading?—A. That is the wage rate for the normal week.

By Mr. Sommerville:

Q. Yes, that is the weekly rate?—A. Yes.

Q. That is not for 48 hours?—A. No.

Q. The drivers have not got a 48-hour week?—A. Yes.

Q. Have they?—A. Yes.

By Mr. Heaps:

Q. Have you got the actual wages earned there?—A. No, I have not.

Q. There is one point I would like to have your opinion on. On page 12 C, where you referred to drivers, you said that the rates by the company for married men were \$18 a week minimum?—A. Yes.

Q. Is it possible that in the case of these drivers, where there are so many working for less than \$18 per week, married men have been displaced by single men?—A. I don't know; I would not think so.

Q. Well, there has been such a large number—65 I think—working for less than \$18 a week?—A. It is up to and including \$18 per week.

The CHAIRMAN: From \$15.50 to \$18, there are 65.

By Mr. Heaps:

Q. That is less than the minimum?—A. No, \$18 is the minimum for married men.

Q. How many are getting less than \$18 a week?

Mr. SOMMERVILLE: He has just got them divided in this class, \$15.50 to \$18.

The WITNESS: I have not the details of that.

By Mr. Sommerville:

Q. You have not got the details below \$18—A. A good many of them are \$18, I know that.

By Mr. Factor:

Q. Let us clear this point up. A driver working over 48 hours a week gets paid for the extra hours at the prevailing rate?—A. Yes. I mentioned that just a short time ago: "Drivers are paid for overtime and in addition to the above rate, they receive a bonus of \$10 per month subject to their good behaviour."*

Q. Is that rate exclusive of bonus?—A. Yes.

Q. How does the bonus operate? Under what system?—A. They all get their bonus if there have been no complaints from customers.

By Mr. Sommerville:

Q. If the deliveries are perfect, and no complaints from customers, they get their bonuses?—A. Yes. During the week ended 24th January, 1934, 129 drivers received the full bonus of \$10, and 21 others lesser amounts.

By Mr. Factor:

Q. What is the full bonus, \$10?—A. Yes.

By Mr. Young:

Q. How many didn't get any bonus?—A. I don't know that.

Mr. SOMMERVILLE: There were 180 men.

By Mr. Young:

Q. There would not be very many?—A. No.

By Mr. Factor:

Q. In addition to working at the prevailing rate of pay for drivers, there is a bonus?—A. Yes.

Mr. YOUNG: And overtime.

Q. What was the \$10—\$10 a week?—A. \$10 per month.

Q. \$10 per month bonus?—A. Yes.

Q. And the overtime?—A. Yes.

By Mr. Kennedy (Peace River):

Q. Have you a statement of what the overtime average is? Is there much overtime?—A. I have not got a record of the overtime here. It was wage rates that we were particularly concerned with.

By the Chairman:

Q. The point is, the company's officials advised you they are paid overtime?—A. Well, I know they are paid overtime from the records.

By Mr. Sommerville:

Q. All right, Mr. Adamson, will you continue?—A. Yes.

CHARGE AND ADMINISTRATIVE OFFICES

Employees in these offices are included by the Company under the general classification of "Store Service Department," but they have been segregated in Statement W3 attached. Employment is much steadier in this group and there are practically no part time employees, no extras and no short time. These employees have been subject to the same general reductions in wage rates as others and to the same tendency towards equalized wages. As will be seen on Statement W3, female employees in these departments receiving the minimum wage rate of \$12.50 in January, 1934, comprised 55.3 per cent of the total as compared with 14.1 per cent in January, 1930.

MAIL ORDER DIVISION

As explained previously, in this Division only the departmental managers and assistants suffered cuts in rates. As a result the wage rates at 10th January, 1934, are not less than the rates at 18th January, 1930, but due to some increases show instead a slight average increase. Economies were effected in this Division, however, by short time.

In order to ascertain the effect of short time upon the employees an analysis was made of the actual hours worked by the fourth employee on each department payroll from October, 1933, to March, 1934. Of the thirty-three cases examined in this manner—

- 6 of the employees worked 70- 75% full time.
- 6 of the employees worked 75- 80% full time.
- 7 of the employees worked 80- 85% full time.
- 3 of the employees worked 85- 90% full time.
- 6 of the employees worked 90- 95% full time.
- 5 of the employees worked 95-100% full time.

The average was 84.92% of full time (equivalent to a wage cut of 15.08%).

FACTORIES AND WORKROOMS

The more important of these are:—

Keen's Manufacturing Co. Limited—Ladies' Dresses.
 K. Factory—Men's Overcoats and Suit Coats.
 Fur Factory—Fur Coats.
 388—Drapery—Curtains, Furniture Upholstering, etc.
 G Workroom—Alterations to Women's Garments.
 J. Workroom—Millinery.
 R Workroom—Hard Flooring, Linoleum and Carpet Laying.
 Construction, Painting—Partly maintenance and partly outside work.
 Engineers—Entirely Maintenance.

Pieceworkers on the pay-roll at 10th January, 1934, were distributed among:—

	Male	Female
Keen's Manufacturing Co. Limited.. . . .	9	68
K. Factory.. . . .	3	..
388—Drapery Factory.. . . .	16	..
	—	—
	28	68
	—	—

On Statement W-9 is shown the average weekly rates of employees appearing on the pay-rolls during the weeks ended 8th January, 1930, and 10th January, 1934, in the larger factories and workrooms. Pieceworkers are included at an hourly rate determined by their actual earnings during the week.

While these figures are expressed as weekly rates for comparison with other employees, factory and workroom employees are on an hourly rate basis—and the number of hours per day or the number of days per week which the factory operates may (and frequently does) vary from the normal working week shown above.

Keen's Manufacturing Company Limited (wholly owned Subsidiary of The Robert Simpson Company Limited).

This factory manufactures women's dresses and a few flannel coats for the Mail Order Division of the Simpson Organization only. It has no other customers. Its employees are practically all women who are nearly all paid on a piece work basis (excepting office workers, the number of whom is small). The number of employees has varied over the past five years from a maximum of 175 to a minimum of 41. The working week is 44 hours.

Inexperienced Female Pieceworkers.

The number of pieceworkers appearing on the pay-rolls as inexperienced does not ordinarily comprise more than $7\frac{1}{2}$ per cent of the total workers and is more often very much less than $7\frac{1}{2}$ per cent. The average hourly rates for inexperienced workers varies from time to time—in January, 1934, and March, 1934, the average was 29 cents per hour.

Q. That is, they may all rate as inexperienced workers. You don't know how long they have been in the employ?—A. They have been in the employ.

By Mr. Factor:

Q. They are under the Minimum Wage Act?—A. Yes.

By Mr. Sommerville:

Q. They may have inexperienced workers who were taken on within that period. We have had a number of instances of that brought to our attention. However, the rate they were being paid—A. Is in excess.

Q. It was 29 cents per hour?—A. Yes.

Experienced Female Pieceworkers.

The manager of the factory states that the piecework rates on any article are calculated by having an average operator work on the operation for a specified time. Prior to the fall of 1931 the hourly rate used in setting piecework rates was 35 cents but at that time a reduction was made by basing the rates on a normal hourly earning rate of 30 cents.

By Mr. Young:

Q. They take the average operator as a basis?—A. Yes.

It is difficult to compare rates on the various operations in different years because the same dresses are not manufactured from year to year. No records of quantities produced by different operators are kept and it is not, therefore, possible to determine the comparative output from year to year.

Average Hourly Rates of experienced female pieceworkers—

On Statement W-10 is shown a comparative summary of the average hourly rates paid experienced female pieceworkers in the month of March in each of the years 1929 to 1934 inclusive. This shows a decrease from 39.4 cents per hour in 1929 to 28.91 cents in 1933 with an increase in 1934 to 31.72 cents.

By the Chairman:

Q. When was that last increase made?—A. In March.

Q. March of this year?—A. Yes. That is explained, Mr. Stevens, in the next.

From 1932 on, the average hourly rates paid are in excess of the average hourly earnings because of the necessity from that time on of bonusing certain employees in order to comply with the minimum wage regulations requiring that at least 80 per cent of the pieceworkers receive the minimum wage.

By Mr. Heaps:

Q. Why is it necessary to bonus these employees?—A. Because they do not earn enough.

Q. Is it because piece work rates are low, that it is very difficult to maintain the rates?—A. I don't know. I don't know the operators.

By Mr. Sommerville:

Q. Is it not a fact that the piece work rates were such that 80 per cent of the employees did not earn the minimum rate?—A. Yes.

Q. And the manufacturer, in order to comply with the law, had to give them an additional amount to bring them up to \$12.50?—A. That is right.

Q. That was the condition that existed prior to the change that was made?—A. Yes, in March of this year.

By the Chairman:

Q. You have not any statement breaking that down?—A. Yes, I have, W-12.

By Mr. Sommerville:

Q. Statements W-11 and W-12?—A. Yes. Statement W-11 is a statement showing the number of experienced female pieceworkers on the payroll each week in 1933, average.

Q. And you have picked out the six employees?—A. Yes.

Q. And you picked these out?—A. I will refer to that in just a few minutes.

Q. And you refer to that in your narrative?—A. Yes.

By Mr. Factor:

Q. May I ask if since March of 1934 they have been paying 100 per cent minimum wage in the plant?—A. Yes.

KEEN'S MANUFACTURING COMPANY LIMITED

(Wholly Owned Subsidiary of The Robert Simpson Company Limited)

STATEMENT SHOWING NUMBER OF EXPERIENCED FEMALE PIECEWORKERS ON PAYROLL EACH WEEK IN 1933,
AVERAGE WEEKLY WAGES PAID AND INFORMATION AS TO WEEKLY HOURS WORKED AND WEEKLY
WAGES PAID TO SIX SUCH EMPLOYEES

					Employee Number.	333	
					Efficiency Rating...	Fast	
					Date Engaged.....	February 1930	
					Age	27	
No.	Week Ended	No. of Piece- workers on Payroll	Piece- work Wages Paid	Average Weekly Wages of Piece- workers	Hours Worked	Hours Idle Time	Wages Paid
	1933		\$	\$ cts.			\$ cts.
1	4th January....	64	444	6 94 (closed 1 day)	27 ³ / ₄		12 75
2	11th January....	64	431	6 73	29 ¹ / ₄		10 10
3	18th January....	57	229	4 02	10 ¹ / ₄		4 80
4	25th January....	45	127	2 82	22 ³ / ₄		7 55
5	1st February....	41	66	1 61 (closed 3 ¹ / ₂ days)	9		1 95
6	8th February....	41	137	3 34 (closed 2 ¹ / ₂ days)	8		3 05
7	15th February....	44	135	3 07 (closed 2 ¹ / ₂ days)	4 ¹ / ₂		
8	22nd February....	34	74	2 18 (closed 2 ¹ / ₂ days)	6 ¹ / ₂		2 85
9	1st March.....	44	246	5 59	37		12 40
10	8th March.....	46	364	7 91	49 ¹ / ₂		22 45
11	15th March.....	52	495	9 52	42		21 75
12	22nd March.....	53	522	9 85	51 ¹ / ₂		15 95
13	29th March.....	54	525	9 72	51 ¹ / ₄	5	16 50
14	5th April.....	52	379	7 29	46 ¹ / ₂	6	15 80
15	12th April.....	50	291	5 82	29 ¹ / ₂	7	9 80
16	19th April.....	49	242	4 94	33		9 65
17	26th April.....	47	226	4 81	32 ¹ / ₂	9	11 35
18	3rd May.....	46	257	5 59	33 ¹ / ₂	7	12 90
19	10th May.....	47	241	5 13	8		2 40
20	17th May.....	45	241	5 36			
21	24th May.....	43	231	5 37	37 ³ / ₄	6	14 15
22	31st May.....	49	424	8 65	56 ³ / ₄		17 90
23	7th June.....	65	588	9 05	46 ¹ / ₂		18 25
24	14th June.....	68	625	9 18	43 ³ / ₄		19 70
25	21st June.....	67	690	10 30	52 ³ / ₄		34 10
26	28th June.....	68	777	11 43	50 ³ / ₄		30 90
27	5th July.....	69	733	10 62	47 ¹ / ₂		19 55
28	12th July.....	65	517	7 95	48		17 80
29	19th July.....	59	582	9 85	54 ¹ / ₄		23 05
30	26th July.....	62	588	9 48	30 ¹ / ₂		17 65
31	2nd August.....	66	649	9 83	27 ¹ / ₂		7 85
32	9th August.....	71	545	7 68 (closed 1 day)	45 ¹ / ₂		15 05
33	16th August.....	72	637	8 85	50 ¹ / ₂		15 10
34	23rd August.....	63	559	8 87	45 ¹ / ₂		25 75
35	30th August.....	57	515	9 04	47		12 50
36	6th September..	52	439	8 44 (closed 1 day)	32 ¹ / ₂		12 05
37	13th September..	50	532	10 64	46		15 70
38	20th September..	47	404	8 57 (closed ¹ / ₂ day)	30 ³ / ₄		12 70
39	27th September..	40	225	5 62	20 ¹ / ₂		7 30
40	4th October....	40	225	5 62	7	19	6 50
41	11th October....	42	172	4 10	8	19	9 65
42	Forward.....						

KEEN'S MANUFACTURING COMPANY LIMITED

(Wholly Owned Subsidiary of The Robert Simpson Company Limited)

STATEMENT SHOWING NUMBER OF EXPERIENCED FEMALE PIECEWORKERS ON PAYROLL EACH WEEK IN 1933,
AVERAGE WEEKLY WAGES PAID AND INFORMATION AS TO WEEKLY HOURS WORKED AND WEEKLY
WAGES PAID TO SIX SUCH EMPLOYEES

				Employee Number. 333 Efficiency Rating... Fast Date Engaged..... February 1930 Age..... 27		
Week Ended	No. of Piece- workers on Payroll	Piece- work Wages Paid	Average Weekly Wages of Piece- workers	Hours Worked	Hours Idle Time	Wages Paid
1933		\$	\$ cts.			\$ cts.
1 18th October....	46	319	6 91	36	14 $\frac{3}{4}$	13 00
2 25th October....	46	393	8 54	33	13 $\frac{1}{4}$	18 30
3 1st November..	45	465	10 33	49 $\frac{1}{2}$	.....	18 55
4 8th November..	47	413	8 79	26	26 $\frac{1}{2}$	9 80
5 15th November..	51	546	10 71	52 $\frac{1}{2}$	16 $\frac{1}{2}$	19 35
6 22nd November..	66	620	9 39	44	16	17 70
7 29th November..	69	693	10 04	54	11	25 85
8 6th December..	57	714	12 53	54 $\frac{1}{4}$	10 $\frac{1}{2}$	24 55
9 13th December..	66	756	11 45	45 $\frac{1}{2}$	6 $\frac{1}{2}$	25 30
10 20th December..	64	684	10 69	50 $\frac{1}{2}$	8	20 50
11 27th December..	61	434	7 11 (closed 1 day)	33 $\frac{3}{4}$	.....	13 00
Totals for year						
12 1933.....	2,808	22,366	7 96	1,840 $\frac{1}{4}$	201	753 10
Comparative totals for previous years:—						
13 1932.....				1,611.....	\$	691 60
14 1931.....				1,918.....		1,013 65
15 1930.....				1,596 (10 mos.)		615 50
16 1929.....				(Not employed)		
Comparative average hours worked per week:—						
17 1933.....				35 38		
18 1932.....				30 98		
19 1931.....				36 88		
20 1930.....				36 83		
21 1929.....				.....	
Comparative average hourly rates:—						
22 1933.....				40 92 cts.		
23 1932.....				42 93		
24 1931.....				52 85		
25 1930.....				38 57		
26 1929.....				.....	

NOTE:—Idle time not determined for years prior to 1933.

STATEMENT No. W-11—Concluded

KEEN'S MANUFACTURING COMPANY LIMITED

(Wholly Owned Subsidiary of The Robert Simpson Company Limited)

STATEMENT SHOWING NUMBER OF EXPERIENCED FEMALE PIECEWORKERS ON PAYROLL EACH WEEK IN 1933,
AVERAGE WEEKLY WAGES PAID AND INFORMATION AS TO WEEKLY HOURS WORKED AND WEEKLY
WAGES PAID TO SIX SUCH EMPLOYEES

325 Average 7th January 1929 22			363 Average 26th March 1930 29			224 Slow 22d December 1930 26			338 Slow September 1923 60			352 Very Slow 19th January 1923 44			No.
Hours Worked	Hours Idle Time	Wages Paid	Hours Worked	Hours Idle Time	Wages Paid	Hours Worked	Hours Idle Time	Wages Paid	Hours Worked	Hours Idle Time	Wages Paid	Hours Worked	Hours Idle Time	Wages Paid	
14 $\frac{1}{2}$	17 $\frac{1}{2}$	6 75	14 $\frac{1}{2}$	17 $\frac{1}{2}$	6 95	13 $\frac{1}{4}$	19 $\frac{1}{4}$	6 25	16 $\frac{1}{2}$	6 $\frac{1}{2}$	5 00	23 $\frac{1}{2}$	12	7 60	1
31 $\frac{1}{2}$	7	11 20	32	12	10 20	20	19	5 90	15	2 $\frac{1}{2}$	4 35	18	11 $\frac{1}{4}$	8 20	2
40	18 $\frac{1}{2}$	13 25	40	20	12 45	15	28 $\frac{3}{4}$	7 75	22	5 $\frac{1}{2}$	7 90	20	17 $\frac{1}{4}$	8 60	3
38	30	11 75	17	27	7 65	16 $\frac{1}{4}$	21	5 35	31	2	9 05	11	18 $\frac{3}{4}$	6 20	4
43	14	13 20	41 $\frac{3}{4}$	15 $\frac{1}{2}$	13 85	28 $\frac{1}{4}$	20 $\frac{1}{4}$	8 65	29	1 $\frac{1}{2}$	8 75	26 $\frac{3}{4}$	15	8 30	5
33	14	12 10	35	16 $\frac{3}{4}$	10 65	25	19 $\frac{1}{4}$	9 20	31	2	9 75	32 $\frac{1}{2}$	8 $\frac{3}{4}$	10 00	6
34 $\frac{1}{2}$	14 $\frac{1}{4}$	13 75	38	15 $\frac{3}{4}$	12 15	27 $\frac{1}{4}$	18 $\frac{1}{4}$	9 10	37 $\frac{1}{4}$	.....	10 75	22	7 $\frac{1}{2}$	7 40	7
48	11	15 15	52 $\frac{3}{4}$	16 $\frac{3}{4}$	13 95	27 $\frac{1}{2}$	18 $\frac{1}{4}$	10 20	42	.....	12 25	46 $\frac{1}{2}$	1 $\frac{3}{4}$	13 90	8
54	14	15 55	42 $\frac{1}{4}$	17	12 20	26 $\frac{1}{2}$	18 $\frac{3}{4}$	10 70	41	1	11 90	45 $\frac{1}{2}$	5 $\frac{1}{2}$	12 45	9
44	14	14 30	44	18	13 25	26	19 $\frac{1}{2}$	7 45	39 $\frac{1}{2}$	.....	11 35	39 $\frac{1}{2}$	6 $\frac{1}{4}$	14 20	10
18	7	7 05	25 $\frac{1}{2}$	11 $\frac{3}{4}$	8 15	21	15 $\frac{3}{4}$	7 25	23 $\frac{1}{2}$	1	8 00	11 $\frac{3}{4}$	8 $\frac{3}{4}$	7 00	11
1,537 $\frac{1}{2}$	309 $\frac{3}{4}$	488 20	1,475 $\frac{1}{4}$	391	442 40	1,395	442 $\frac{1}{4}$	421 60	1,015 $\frac{1}{2}$	97 $\frac{1}{2}$	295 65	1,458 $\frac{1}{2}$	117 $\frac{1}{4}$	288 65	12
1,471.....	\$500 25	1,115.....	\$355 25	1,368.....	\$351 45	1,138.....	\$269 00	1,623.....	\$342 10	13	1,603.....	663 90	1,307.....	448 10	14
1,404.....	590 70	1,278.....	398 15	(Not employed)	(Not employed)	1,701.....	367 55	1,780.....	623 65	15	1,515 (11 mos.)	634 05	(Not employed)	(Not employed)	16
29·57		28·37		26·83		19·53		28·04		17	28·29		21·44		18
30·83		25·13		34·31		28·17		34·37		19	27·00		24·58		20
31·79		.....		.....		32·71		34·23		21	31·79		.....		21
36·58						36·58		31·81							
31·75 cts.		29·99 cts.		30·22 cts.		29·11 cts.		19·79 cts.		22	34·01		31·86		23
41·42		34·28		21·16		23·64		21·08		24	42·07		31·15		25
41·85		.....		.....		21·22		35·14		26			.....	

The reduction in 1931 of piecework rates referred to previously is confirmed by a comparison of the average hourly earning rates shown above, the average hourly earnings being reduced from 35·37 cents in March, 1931, to 27·93 cents in March, 1932. The following changes in policy have a bearing on the increase in the average hourly rate from 28·52 cents in 1933 to 31·17 cents in 1934:

- (1) During the week of 14th March, 1934, the Company discontinued the "stand-by" system (referred to later) and in order that every employee should during that week be paid the minimum wage for the actual time spent on the premises instead of for their working time only, a bonus of 15 per cent of wages earned was given each pieceworker, including those who actually had earned the minimum wage. This amounted in total to approximately \$70.
- (2) For the last two weeks in March, all employees whose earnings were less than the minimum wage, were paid bonuses sufficient to bring their wages up to the minimum wage instead of bonusing only the number necessary to bring the total up to 80 per cent as in the past.

Mr. KENNEDY (*Winnipeg*): Just there, Mr. Adamson, that explains what was done; was any reason given for this change in the practice.

Mr. SOMMERVILLE: I think you will find a little later on that there was certain action taken.

By Mr. Kennedy (Winnipeg):

Q. Do you recall anything Mr. Adamson?—A. It was just a decision of the company to pay 100 per cent.

Mr. NASH: The reason given to me was that business was considerably better at the first of April and a general increase was announced throughout the whole organization; and this is the increase in the factory.

Mr. SOMMERVILLE: You know we had considerable information about wages here in the early part of March, and we find that a number of firms have made increases since.

By Mr. Heaps:

Q. Have you the total number of employees in this factory whose wages have been made up?—A. Yes, that is shown in Statement No. 12.

As at 14th March, 1934, two pieceworkers who had consistently earned less than the minimum wage were put on time work and in the following week another employee whose earnings were consistently low and who is said to have been employed under a special permit of the minimum wage board by which the Company was allowed to pay her only what she earned, was placed on a time basis.

Average weekly wages paid and earnings of specific employees

On Statement W-11 is shown the number of experienced female pieceworkers on the payroll in each week in 1933, the total piecework wages paid and the average weekly wage of these pieceworkers. On the same statement is listed the weekly wages paid in that period to six of these employees and also the number of hours worked each week and the number of "idle-time hours" (i.e. the time spent on the premises waiting for work for which the employees were not paid). These employees were picked at random and appear representative of the employees generally. The efficiency rating indicated for each employee is that supplied by officials of the Company.

By Mr. Sommerville:

Q. Now, in the case of employee No. 333, the idle hours were 201 for the year; for employee 325 the idle hours were 309½; for employee 363 the idle hours were 391; for employee 224 they were 442; for employee 338 the idle hours were 97½; and for employee 352, the hours were 117¼; those were what were called stand-by hours?—A. That is right.

Q. That does not mean short-time employment, but those were the actual hours on the premises for which payment had not been made previously?—A. Yes.

Q. And they were only sample cases; it occurred generally as part of the policy of the company?—A. Yes.

Q. These samples are given to illustrate that practice?—A. Yes.

Q. And each one of these employees has been with the company for a number of years, from 4 to 10 years?—A. Yes.

Mr. HEAPS: They were old experienced workers.

Mr. SOMMERVILLE: Yes.

Mr. YOUNG: How does that gibe with this other system you had here, taking the average working ability to produce in a week and basing it on that?

Mr. SOMMERVILLE: It does not gibe very well, this information would seem to prove that.

By Mr. Factor:

Q. You say this policy of idle hours was discontinued?—A. I am coming to that, Mr. Factor.

By Mr. Sommerville:

Q. Let me see, on the next statement do you show the amount of bonus that was paid, or the percentage that was earned?—A. On statement W-12 we show the number of experienced female pieceworkers receiving the minimum wage each week, and the bonus to comply with the 80 per cent requirements.

Q. Well, that will give us a little information as to those who are earning less than the minimum wage?—A. I am coming to that in my narrative.

Q. All right?—A. At the foot of this statement is shown the total hours worked and the total wages paid these same employees in previous years.

The average weekly wage paid for the year 1933 was \$796. This low wage is accounted for in part by the short-time employment in the factory. An indication of this short-time employment may be obtained by reference to the total hours worked in the year by each of the six employees selected. The total hours worked in the year by these employees varies from 1,015 to 1,840, as compared with a normal working year of approximately 2,350 hours.

Q. So that the average weekly wage paid all the employees in this plant for 1933 was \$7.96?—A. Yes.

By Mr. Factor:

Q. They were paid at a rate per hour?—A. They were paid piecework rates.

Mr. FACTOR: In compliance with the Minimum Wage Law.

Mr. HEAPS: Not necessarily.

By Mr. Sommerville:

Q. They had these stand-by hours under the authority of the Minimum Wage Board?—A. As I explain in the next section there was a permit from the Minimum Wage Board.

Stand-by system: Up until the 14th March, 1934 some pieceworkers had been in the habit of waiting in the factory until work became available, although they "clocked-in" in the ordinary way. The Manager of the Company states that a ruling from the Minimum Wage Board was obtained to the effect that if the "idle time" of these employees was recorded this practice would be permitted. The "stand-by" system was discontinued, however, during the week ending 14th March 1934 and, as explained previously, for that week all employees received a 15% bonus so that every employee was paid the minimum wage for the actual time spent on the premises during that week, rather than for their working time only.

Subsequently, in April 1934, all employees who, in the period from 1st January 1934 to 14th March 1934, received wages less than the minimum wage, calculated on the time actually spent on the premises (including "idle-time") were each paid an amount sufficient to bring their total wages in this period up to the minimum wage for the number of hours actually spent on the premises. The total amount so paid out in this manner was \$391.10 and 41 employees were affected. The amounts paid to each of the employees varied from a minimum of 80c. to a maximum of \$32.25.

Q. That is, making up back money to all of the employees?—A. Yes.

Q. Back to the first of January 1934?—A. Yes.

Q. For this idle time?—A. Yes.

By Mr. Heaps:

Q. Is the same practice still in effect?—A. No, the stand-by system has been discontinued.

By Mr. Sommerville:

Q. First of all as a result of the change the stand-by system was discontinued, and then the employees were given a 15 per cent bonus?—A. Just for the one week.

Q. To bring them up at that time to the minimum wage?—A. Yes.

Q. Then the next step was to pay back to the employees wages for the previous three and a half months—A. I would not say pay back, but pay them.

By Mr. Factor:

Q. They are now 100 per cent on the minimum wage?—A. Yes.

Mr. YOUNG: Why was the stand-by system discontinued? We want to get at the bottom of this, did the employees want it discontinued, or did they prefer to stay there so that they could be there, the first one there would be the one to get the work when it came along.

The WITNESS: They have discontinued the stand-by system, no employees are allowed to come in and stand by now.

By Mr. Kennedy (Winnipeg):

Q. They are paid from the time they arrive now?—A. They do not arrive until they are required. The company states that the employees want to have the stand-by system.

Mr. ILSLEY: The reason for that is indicated by the evidence we had here previously, that they would rather stay around and wait for work to show up than to go home, because it would cost them two tickets to go home and return.

By Mr. Heaps:

Q. Is that broken time during the day, or is it usually just after they get there in the morning?—A. It varies, as long as the work lasts.

Q. Supposing they come in at nine and work till eleven, there is nothing more for them to do; is that a thing that occurs frequently?—A. It is usually a fair day's work with the next day off.

The CHAIRMAN: I would like the committee to consider this point, if they will just turn to statement No. W-12. Statement W-12 indicates—

Mr. FACTOR: There is a great curiosity at this corner of the table to know when this change in the Minimum Wage Act came into effect, if it was around the middle of March.

Mr. SOMMERVILLE: This committee heard certain witnesses with respect to minimum wage operations around that time.

The CHAIRMAN: If you will just take statement No. 12: Here is a feature of this which I think ought to be considered by the committee. I am at the moment offering no opinion, but I just wish the committee to note the facts, because it strikes me we will have to consider it later on when we are making

up our report. It will be noted that in this statement showing the number of experienced female pieceworkers receiving the Minimum Wage each week—and this is in Keen's Manufacturing Company Limited, which is owned by the Robert Simpson Company.

Mr. SOMMERVILLE: For the fifteen-month period ended 28th March, 1934.

The CHAIRMAN: Yes. Now, it will be noted that in the week of January 11, 1933—I am not going to read them all, but just enough to indicate the point I wish to make—it will be noted under the first title, "Earning less than the minimum wage, that it starts with 32 per cent, 13 per cent, 46 per cent—we will only touch a few of them—and then on down 30 per cent, 17 per cent, 39 per cent, 75 per cent, 69, 57, 55, per cent; then it drops down to 2 per cent and then to 15 per cent and 9 per cent and so on, and over the page, 13 per cent, then 21, 12, 17, 7, 13, 18, 33, and 2 per cent. They are not earning the minimum wage.

Now, it will be noted at this point that the minimum wage law calls for a minimum of 80 per cent to earn a minimum wage in order that a factory may be considered as within the law; and a margin is allowed of 20 per cent for slow workers and for other reasons.

Now, take the next column, "Bonused to comply with 80 per cent requirements." The reason I draw attention to this is that I think the committee must consider whether the action of any company—I do not care what company it is—in merely bonusing employees in order to bring those employees up to the minimum wage is a full recognition of the intent of the minimum wage law. In other words, the point I think we should consider is if there is a substantial number below 80 per cent, is it not an indication that the rate of pay on this piecework is too low, if they have to bonus a number of employees to come within the law. Just notice here the number bonused to comply with the 80 per cent requirements: I will give you the percentages, 14.1 per cent, 8 per cent, 29, 31, 25, 9, 13, 22, 13, 26, 55, 48, 45, 34, 20, 25, 6,—then follows a number of blanks, and over the page it gives 1.6 per cent, 3 per cent, 2 per cent, 33 per cent, and 2 per cent.

Mr. FACTOR: That is the percentage of those employees who did not receive a minimum wage.

The CHAIRMAN: That is the percentage of the employees who have had a bonus to bring them up to 80 per cent. Then there is the first column showing those that earn the bonus. May I ask, Mr. Adamson, if that heading "not bonused" means that those were all below the minimum wage.

The WITNESS: Yes.

The CHAIRMAN: They are the ones below the minimum wage, they were not bonused and brought up to come within the 80 per cent.

The WITNESS: That is right.

The CHAIRMAN: I ask you to watch this column—

By Mr. Factor:

Q. Is not this "not bonused" total intended to make up the 20 per cent?

Mr. SOMMERVILLE: It is supposed to, yes.

The WITNESS: The last column shows the percentage of the workers who were actually paid the minimum wage or more, which in every case is 80 per cent, with the exception of two or three weeks in which there were clerical mistakes. It was not the intention of the company to pay less than 80 per cent.

By Mr. Kennedy (Peace River):

Q. It includes those who receive a bonus to bring them up?—A. Yes.

Mr. SOMMERVILLE: It is the last column that Mr. Adamson is referring to. The column to which the chairman has referred is the list of those who were not bonused at all.

By Mr. Factor:

Q. Those who were not bonused plus the last column makes up the 100 per cent?—A. That is right.

KEEN'S MANUFACTURING COMPANY LIMITED
(Wholly owned subsidiary of The Robert Simpson Company Limited)

STATEMENT SHOWING THE NUMBER OF EXPERIENCED FEMALE PIECEWORKERS RECEIVING THE MINIMUM WAGE EACH WEEK FOR THE FIFTEEN MONTH PERIOD
ENDED MARCH 1934

Week ending	Total on Payroll	Earning less than Minimum Wage		Bonused to comply with 80 p.c. Requirements		Not Bonused		Paid Minimum Wage or more	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
1933									
January 11.....	64	21	32.8	9	14.1	12	18.7	52	81.3
January 18.....	57	15	26.3	5	8.8	10	17.5	47	82.5
January 25.....	45	6	13.3	.....	.....	6	13.3	39	86.7
February 1.....	41	19	46.3	12	29.3	7	17.1	34	82.9
February 8.....	41	20	48.8	13	31.7	7	17.1	34	82.9
February 15.....	44	19	43.2	11	25.0	8	18.2	35	81.8
February 22.....	34	5	14.7	.....	.....	5	14.7	29	85.3
March 1.....	44	12	27.3	4	9.1	8	18.2	36	81.8
March 8.....	46	19	41.3	11	23.9	8	17.4	38	82.6
March 15.....	52	11	21.1	1	1.9	10	19.2	42	80.8
March 22.....	53	18	34.0	8	15.1	10	18.9	43	81.1
March 29.....	54	15	27.8	5	9.3	10	18.5	44	81.5
April 5.....	52	16	30.8	7	13.5	9	17.3	43	82.7
April 12.....	50	10	20.0	2	4.0	8	16.0	42	84.0
April 19.....	49	6	12.2	1	2.0	5	10.2	44	89.8
April 26.....	47	8	17.0	.....	.....	8	17.0	39	83.0
May 3.....	46	8	17.4	.....	.....	8	17.4	38	82.6
May 10.....	47	9	19.1	.....	.....	9	19.1	38	80.9
May 17.....	45	20	44.4	11	24.4	9	20.0	36	80.0
May 24.....	43	12	27.9	4	9.3	8	18.6	35	81.4
May 31.....	49	23	46.9	14	28.5	9	18.4	40	81.6
June 7.....	65	30	46.2	13	20.0	17	26.2	48	73.8
June 14.....	68	27	39.7	15	22.1	12	17.6	56	82.4
June 21.....	67	26	38.8	13	19.4	13	19.4	54	80.6
June 28.....	68	23	33.8	9	13.2	14	20.6	54	79.4
July 5.....	69	32	46.4	18	26.1	14	20.3	55	79.7
July 12.....	65	49	75.4	36	55.4	13	20.0	52	80.0
July 19.....	59	41	69.5	30	50.8	11	18.7	48	81.3
July 26.....	62	42	67.8	30	48.4	12	19.4	50	80.6
August 2.....	66	43	65.2	30	45.5	13	19.7	53	80.3
August 9.....	71	41	57.8	21	29.6	20	28.2	51	71.8
August 16.....	72	40	55.5	25	34.7	15	20.8	57	79.2
August 23.....	63	27	42.8	13	20.6	14	22.2	49	77.8

Date	35	61.4	24	42.1	11	19.3	46	80.7
August 30.....	57	61.4	24	42.1	11	19.3	46	80.7
September 6.....	29	55.8	29	55.8	5	10.0	52	100.0
September 13.....	8	16.0	3	6.0	1	2.1	45	90.0
September 20.....	4	8.5	3	6.4	1	2.5	46	97.9
September 27.....	4	2.5	.....	.....	1	2.5	39	97.5
October 4.....	1	2.5	.....	.....	1	2.5	39	97.5
October 11.....	1	2.4	.....	.....	1	2.4	41	97.6
October 18.....	1	2.2	.....	.....	1	2.2	45	97.8
October 25.....	1	2.2	.....	.....	1	2.2	44	97.7
November 1.....	2	4.3	.....	.....	2	4.3	44	97.8
November 8.....	2	4.4	1	2.2	1	2.2	44	97.8
November 15.....	1	2.1	.....	.....	1	2.1	46	97.9
November 22.....	51	.....	.....	.....	.....	.....	51	100.0
November 29.....	1	1.5	.....	.....	1	1.5	65	98.5
December 6.....	11	15.9	.....	.....	11	15.9	58	84.1
December 13.....	4	7.0	.....	.....	4	7.0	53	93.0
December 20.....	6	9.1	.....	.....	6	9.1	60	90.9
December 27.....	12	18.8	.....	.....	12	18.8	52	81.2
January 3.....	7	11.5	.....	.....	7	11.5	54	88.5
January 10.....	8	13.3	.....	.....	8	13.3	52	86.7
January 17.....	13	21.3	1	1.6	12	19.7	49	80.3
January 24.....	8	14.5	.....	.....	8	14.5	47	85.5
January 31.....	10	19.6	2	3.9	8	15.7	43	84.3
February 7.....	6	12.0	.....	.....	6	12.0	44	88.0
February 14.....	7	13.0	.....	.....	7	13.0	47	87.0
February 21.....	4	7.3	.....	.....	4	7.3	51	92.7
February 28.....	7	13.0	1	1.9	6	11.1	48	88.9
March 7.....	7	13.5	.....	.....	7	13.5	45	86.5
March 14.....	9	18.0	1	2.0	8	16.0	42	84.0
March 21.....	10	19.6	1	2.0	9	17.6	42	82.4
March 28.....	15	33.3	15	33.0	.....	.....	45	100.0
Totals.....	944	27.6	453	13.2	491	14.4	2,928	85.6

The CHAIRMAN: Now, it is not necessary perhaps for me to run over them, except that I would draw attention as Mr. Adamson has done to the fact that there were three weeks during which there were 20·8 per cent or 22·2 per cent that were not bonused; so that there was a technical violation of the Minimum Wage Law in those weeks. However, the point which I wish the committee to bear in mind is, to remember when we are considering this whole question in connection with other companies, is this second column where there is a bonus being paid to comply with the 80 per cent requirements; and the merit or otherwise of that practice.

Mr. YOUNG: We will consider that.

Mr. SOMMERVILLE: And this further fact that it is the people in this column of those who are not bonused who are suffering, not only from the want of a bonus, but they are suffering from a rate that is not sufficient to bring them up to the \$12.50 minimum rate.

Mr. ILSLEY: They are underpaid.

The WITNESS: The most efficient are making it.

Mr. KENNEDY (*Peace River*): Who gets the bonus and who does not?

The CHAIRMAN: Those closest to it, the ones that cost the company the least; is that true, Mr. Adamson.

The WITNESS: Yes.

Mr. SOMMERVILLE: Supposing an employee working on a piecework rate comes in and works for one afternoon and is supposed to earn in that one afternoon one dollar, which would be at the rate of \$2 for the day, or for a six-day week it would be \$2.10 to make it comply with the law; but supposing the employee is supposed to earn \$1 in order to comply with the Minimum Wage Law, and only earns 60 cents, but does not work the rest of the week; then by paying 40 cents to that employee that employee becomes one of those that is brought within the 80 per cent.

The WITNESS: That is right.

Mr. SOMMERVILLE: Then supposing there is an employee who works alongside of this one and this one works a full week, and on a piece-work rate he may only earn \$6 during the whole week—or \$7 or \$8, as the case may be—but not enough; something has to be added to bring the employee up.

The WITNESS: Yes.

The CHAIRMAN: That brings them within the 20 per cent class.

By Mr. Factor:

Q. What system do they adopt to bring the employees into the 20 per cent class?—A. I refer to that in my narrative, it is all discussed.

The CHAIRMAN: Mr. Adamson says that he discusses that in his next paragraph, we will let him proceed.

Mr. YOUNG: Suppose they adopt the opposite policy and bonus the one who only earns \$6 to \$7, then everybody in the factory will do as little as possible for their week in order to get the bonus.

Mr. SOMMERVILLE: They don't get any more.

Mr. YOUNG: If you are going to take out your lowest instead of your highest, you are going to have them all aiming to do less work.

The CHAIRMAN: I don't mind telling you, from the little examination I have made into it, that very few have any chance of working any racket like that.

Mr. SOMMERVILLE: If you are going to pick out employees to make up your 80 per cent class why pick out the employee who is only working half a day, because to get them into that class you would have to pay them 40

cents, as against the employee who works all week—to get that employee into the 80 per cent class you would have to pay him something like \$2: there is the difficulty.

Mr. KENNEDY (Winnipeg): There is the further incentive for the employee to work up to the higher scale in order to get the bonus, it will cost less by way of bonus to bring him up to that.

The CHAIRMAN: In any case, we are dealing with the facts as they are.

Mr. YOUNG: You mean, as they were.

The CHAIRMAN: Let us hope it is in the past tense.

Ontario Minimum Wage Regulations

The regulations of the Minimum Wage Board which apply to females only set forth minimum weekly wage rates for time workers ranging from \$8 for beginners to \$12.50 for those fully experienced. Until 3rd April, 1934, the regulations respecting experienced pieceworkers required that at least 80 per cent should receive wages at least equal to the minimum wage for timeworkers. In April, 1934, this regulation was amended to require that piecework rates be such that at least 80 per cent of the pieceworkers with six months' experience earn the minimum wage.

By Mr. Sommerville:

Q. That is the change that we have just been discussing; that did take place?—A. Yes.

Q. Up to the beginning of April of this year the regulation stated that 80 per cent should receive \$12.50?—A. Yes.

Q. Therefore, bonuses would be added?—A. Yes.

Q. During April the regulations of the Minimum Wage Board were changed with the result that piecework rate workers were to earn \$12.50 a week without the bonus?—A. I think that is the interpretation of it.

Q. And that will mean that everybody working on a piecework basis will be brought up not only to this 80 per cent bonused to \$12.50, but these piecework employees will be paid at the full minimum rate, proportionate to the amount of work they do?—A. That is something I cannot answer.

Mr. HEAPS: Have piecework rates been increased recently?

Mr. SOMMERVILLE: The revised regulations require that piecework rate employees must now be put on such a basis that 80 per cent of the employees shall earn \$12.50 a week on that piecework rate.

Mr. HEAPS: Has there been an increase in the piecework rate recently?

Mr. SOMMERVILLE: There must be, they are compelled.

Mr. FACTOR: They have just eliminated the bonusing so as to comply with the regulations which provided that 80 per cent were to receive \$12.50.

The CHAIRMAN: I think the amendment means that the piecework rate must be raised to a point to permit the employees to earn it, instead of the company paying it as a bonus to a certain proportion to bring them up to that.

What I am thinking of is this: that the tendency under the law as it has been, has been to cut this class too fine; that is, to cut the rate of the worker down too fine. We know there are many cases, because we have had the evidence here, and there is evidence which will come later, which shows that it is impossible for them to earn the minimum, or practically impossible.

Mr. KENNEDY (Winnipeg): If they could only be brought up to it by a higher rate?

The CHAIRMAN: By a higher rate than they otherwise would get, they would earn a little more, and that certainly is a thing which they are entitled to have the opportunity of doing.

By Mr. Factor:

Q. What do you mean by this statement on page 19 of your narrative here: "For the last two weeks in March, all employees whose earnings were less than the minimum wage, were paid bonuses sufficient to bring their wages up to the minimum wage instead of bonusing only the number necessary to bring the total up to 80 per cent as in the past."—A. They are being paid the minimum wage, instead of 80 per cent.

Mr. SOMMERVILLE: It is 100 per cent now.

Mr. ILSLEY: I thought following that the statement was given that they had raised the rate?

The WITNESS: No.

Mr. ILSLEY: They have not raised the rate?

By Mr. Factor:

Q. How is it possible for 100 per cent now to earn \$12.50 a week?—A. I have not examined since April what has happened, but in the beginning of April they started to pay 100 per cent every week. I do not know anything about the rates subsequent to the time that this order came into effect.

Mr. ILSLEY: They left the rates alone to bonus the 100 per cent so that there was no injustice to that 20 per cent before?

The WITNESS: Yes.

Mr. SOMMERVILLE: I think they did a very commendable thing in exceeding the requirements of the Minimum Wage Law in fair justice to their employees as against a good many other firms of whom complaint has been made that they have not dealt fairly with their employees.

The WITNESS: It has been the practice of the company to bonus certain employees in each of the weeks in which the number of pieceworkers earning less than the minimum wages has been in excess of 20 per cent of the total. Officials state that prior to 1932 it was not necessary for the company to bonus any employees because they were all earning the minimum wage but since that date to 14th March, 1934, it has bonused whatever number was required to bring 80 per cent of the workers within the rates prescribed, based on the actual number of hours worked.

Reference has been made above to the bonus paid in respect of the week ending 14th March, 1934, and also to the bonus in April, 1934. Starting with the week ending 21st March, 1934, the company has bonused all those employees earning less than the minimum wage.

On Statement W-12 is shown the number of experienced pieceworkers employed each week in the year 1933 and to 28th March, 1934, the number and percentage failing to earn the minimum wage and the number and percentage bonused to comply with the 80 per cent regulation. This shows that in this period an average of 27.6 per cent failed to earn the minimum wage; an average of 13.2 per cent were bonused and an average of 14.4 per cent were not bonused. In only one week out of the 64 weeks' period listed did all the pieceworkers earn the minimum wage. Bonuses necessary to bring the percentage earning the minimum wage up to 80 per cent of the total, however, were paid in 38 weeks—the percentage to the total required to be bonused each week varying from 2 per cent to 55 per cent. In several weeks the number bonused was slightly less than the number required to bring the total number earning the minimum wage up to 80 per cent but this appears to have resulted from clerical inaccuracies.

The period when the percentage bonused is highest is in the summer time and officials of the company explain that the number of persons employed is at its peak during this period and that many of the employees, although experi-

enced operators, have not probably been employed for some time and are not as fast as the more permanent employees and they are not, therefore, able to earn the minimum wage.

In determining those employees to be bonused each week, it has been the practice of the company to bonus the employees whose earnings are nearest the minimum wage and an examination of the payrolls indicates that to a great extent the same employees have been bonused week by week.

Mr. YOUNG: Since they have adopted this system of bonusing them to bring them up to the minimum have they been more ready to dismiss those who could not come near it?

The WITNESS: No.

Averaging Piecework Wages

Under the regulations it is considered that a pieceworker has received the minimum wage if the average wages paid the operator in the preceding three months is equal to the minimum rate. The manager of the company states that the company does not follow the practice of averaging wages in this way and that bonuses paid to an employee one week are not deducted from the employee's earnings in a subsequent week in which she may have earned more than the minimum wage. The records examined showed no such deductions.

Mr. SOMMERVILLE: That is one of the complaints we have had, that where there were bonuses given they have been deducted from some other week's wages—the extra money has been taken back again. That does not apply in the case of Simpsons?

The WITNESS: No.

Complaints

As the result of information received from outside investigators in connection with complaints made to them, the following matters were investigated.

1. Complaint that piecework checks for more than one girl were placed in one envelope and only one name recorded on the pay-roll.

This matter was discussed with the manager of the company, the accountant who keeps the wage records, the timekeeper and the forelady. They stated that to the best of their knowledge this had happened on only three occasions,—

- (a) Employee No. 223 brought in a friend of hers and, during a 4 weeks' period of learning, the latter's name was not recorded on the pay-rolls and her piecework tickets were included with those of employee No. 223. This girl was subsequently taken on the permanent staff at 15th March, 1934;
- (b) Employee No. 223 also brought in another friend of hers and during approximately 12 broken weeks of learning no record of her employment was kept. She was taken on the permanent staff on 8th February, 1934;
- (c) Employee No. 227 asked that she be allowed to bring in her daughter in order to teach her the trade as she had no other work. She was on the premises for about ten broken weeks to June, 1933, during which time no record was kept of her employment. She was not subsequently taken on the permanent staff.

The officials of the company state that each of the above employees was permitted to come in only after the employee bringing them in had requested the privilege and not at the request of the forelady.

2. Complaint that girls not making the minimum wage are sent home for one or two days as a penalty and that when a day's pay does not amount to the minimum wage, they are told to cut off tags on work not finished in order to make up the necessary amount.

This cannot be confirmed from the records and the officials of the company and the forelady deny that such a practice was followed. There is some evidence in the pay-rolls of operators having worked for six or seven hours in a week and having earned nothing. The subsequent week's pay-roll usually shows larger than usual earnings which would indicate that the girls held their piece-work tags over from one week to another.

The CHAIRMAN: What explanation did the officials make in that regard that the girls worked for six and seven hours and earned nothing?

Mr. ILSLEY: It is in the next sentence.

The CHAIRMAN: In the preceding sentence the officials denied that such a practice is followed.

WITNESS: "Complaint that girls not making the minimum wage are sent home for one or two days as a penalty and that when a day's pay does not amount to the minimum wage, they are told to cut off tags on work not finished in order to make up the necessary amount." But there is nothing to prevent the girls who have only had six or seven hours work and whose tags are small from keeping them over the next week if they want to. That is the explanation.

Mr. SOMMERVILLE: It may not apply to this factory. We have had complaints that where girls could not reach the minimum they were told to cut off the tags of other bundles of work that had not been done and put in the tags with the work, and the next week they went back and worked on this "dead horse," as it was called without being paid for the work.

WITNESS: These occasions are very rare, and only when the employee has been working odd hours.

K. Factory.

This factory has about 40 employees and manufactures men's coats and suit coats, disposing of its entire output (with the exception of a few special orders) to the Men's clothing departments of the company at approximate cost. An analysis of purchases in department 260 (men's overcoats) and department 262 (men's suits) in the Toronto store for the year ended 3rd January, 1934, shows that a substantially higher initial mark-up is obtained on purchases from this factory than from any other large supplier.

An examination of the actual hours worked and the earnings of every fifth employee on the pay-roll for the six months from October, 1933, to March, 1934, showed:—

By Mr. Sommerville:

Q. This is the weekly wage rate?—A. Yes.

Q. You have not given the actual amount earned, but you can work it out. You gave the hours worked—the averages 39 hours worked by these employees?—A.

Employee No.	Male or Female	Weekly wage rate (based on a 44 hour week)	Weeks in which employee worked	Average hours worked during these weeks
35	M	\$24 00	26	41
40	M	20 00	26	38
45	M	27 00	21	39
50	F	12 50	26	39 $\frac{3}{4}$
55	F	12 50	25	38 $\frac{1}{2}$
60	F	12 50	23	39
Average.. . . .				39

The factory manager informs us that the weeks lost by the above employees were due to sickness or the employees were due to sickness or the employee being released, not to temporary lay-offs.

Mr. HEAPS: You can't confirm that last statement by your inspection of the books?

Mr. SOMMERVILLE: That is what he took.

The WITNESS: I could not confirm it.

Mr. SOMMERVILLE: Confirm the last statement of the average hours?

Mr. HEAPS: The last statement; of the 6 employees whose wages are examined, and were taken at random, he happened to hit upon a sick one every time.

Mr. SOMMERVILLE: That does seem strange.

The WITNESS: No, where the full week was less.

Mr. HEAPS: But they only worked from 21 to 26 weeks in the year?

Mr. EDWARDS: This is six months.

The WITNESS: No, this is 26 in the six months.

By Mr. Heaps:

Q. In the six months period?—A. Yes.

Q. Pardon me. I understand it now.

By the Chairman:

Q. This is K factory?—A. Yes.

Q. And we are dealing with suits?—A. Yes.

Q. Have you shown here what is the average pay of the women working in that factory?—A. We show the average weekly rate.

Mr. FACTOR: It gives the minimum wage rate and the average hours worked in the week. You can figure it out from that.

By the Chairman:

Q. We have here an average weekly wage rate of from \$12.50 to a peak of \$27. There are 45 male employees at \$27. The females are all at \$12.50 per week?—A. Those are of the six investigated.

Q. I notice in the purchases of Robert Simpson company from this factory, their own factory, we have one item here of suits which is referred to in your wage examination?—A. Yes.

Q. Which were sold to the sales retail shop for \$15.57, and here they sold at \$25, or a mark-up of 60.56 per cent; and later, one with a mark-up of 57.23 per cent, just to take a few off-hand. We might turn back and look at overcoats?—A. D-4.

Q. D-4 is overcoats?—A. Yes.

Q. Here we have a case of overcoats from K factory with a mark-up of 127 per cent; that is, \$15.37 marked up to \$35; here is another one of \$12.15 marked up to \$25. Here is one of \$11.60 marked up to \$22.50, or a 92 per cent mark-up. Then there is one of 105 per cent, and another one, \$9.27, marked up to \$16.95, or 82.85 per cent. Here is another one of \$12.41 marked up to \$25.50, or 80.72 per cent. Those are all made in this factory where the wage rate shows female workers examined earn an average of \$12 and the males from \$20 to \$27.—A. I have the actual wages paid for those.

Q. In those instances?—A. Yes, the average.

Q. Give them to us. Take the overcoats I have just referred to.—A. Not on the overcoats, no. I have those 6 employees listed. I have the actual wages paid them. These are the wage rates referred to in the list.

Q. What are they?—A. No. 35, is \$22.42; No. 40, is \$17.21; No. 45 is \$23.93; No. 50 is \$11.30; No. 55 is \$10.89 and No. 60 is \$11.12.

By Mr. Kennedy (Winnipeg):

Q. That is for one certain week?—A. That is the average over 26 weeks.

Mr. HEAPS: They were all skilled employees?

Mr. SOMMERVILLE: Yes.

The WITNESS: Yes.

The CHAIRMAN: Experienced employees. What I am drawing to the attention of the committee to note as we pass along is that, in this K factory, the coats and suits that are sold to the retail store have these very very heavy mark-ups: from 80 per cent to 143 per cent in connection with overcoats, and in connection with suits, from 57 per cent to 60½ per cent.

Mr. ILSLEY: What is the advantage of that? I am sort of in the dark.

The CHAIRMAN: What is that?

Mr. ILSLEY: What would be the reason for that? Why would they mark their own suits up so much higher?

The CHAIRMAN: I don't want to prejudge. I am just drawing the attention of the committee to the cold facts at the moment. Later I want to call attention to the application of those facts. But as you have asked me the question, the point that I cannot understand or cannot justify in my own mind is that in the retail store they can make such a handsome mark-up—on these overcoats, for instance, over 100 per cent—yet women are working for \$10 and \$11 a week.

The WITNESS: I think the explanation is that the factories do not have to make a profit. They are operated at approximately cost.

Mr. ILSLEY: That is what I want to get.

The CHAIRMAN: Why could not part of that 143 per cent be passed back to these women who earn \$11 per week? That is the point that occurs to me.

By Mr. Kennedy (Winnipeg):

Q. Would this not follow: If the rates of these factory workers were increased and the final mark-up figure was the same in the retail, the retail profit would just be that much less?—A. Yes.

By Mr. Ilsley:

Q. They were buying suits and coats from other factories that paid a lot lower wages than these?—A. Yes.

Q. And from those factories they were not marked up nearly as much as they were from this factory?—A. That is so.

Q. And this factory was not making any profit?—A. That is so.

Mr. ILSLEY: That would bring the thing somewhere near in line as far as the consumer is concerned.

The CHAIRMAN: I am not objecting to the price charged to the retailer. What I point out is that you could have had the same article sold to the retailer for the same price, have had the factory worker paid a substantially increased wage, and still have had a very handsome mark-up inside of that 143 per cent or 100 per cent.

Mr. YOUNG: You mean sold to the consumer?

The CHAIRMAN: Yes.

By Mr. Ilsley:

Q. I dare say they could, but these people are apparently looking after their factory profits by their heavy mark-ups?—A. That is right.

Q. In their selling organization, in their retail business?—A. That is right. The mark-up is higher because the factory does not make a profit; that is, generally.

The CHAIRMAN: On the first statement showing a mark-up of 143 per cent, which is so on 304 overcoats—which is quite a substantial number—there is surely room for a slight increase, at least, to a woman earning \$11, working on those overcoats.

Mr. ILSLEY: In the first place, you would have to find out what the average mark-up was; in the second place you would have to see the distribution part of that mark-up to the factory, and see whether it was an excessive mark-up, I would say.

Mr. YOUNG: When they come here themselves, we will have to ask them what rule they follow in determining their mark-ups. Sometimes they charge, 100, 200 and 300 per cent, and sometimes very little. So far as we can find out, there is no rule.

Mr. SOMMERVILLE: A case of get what you can.

By Mr. Heaps:

Q. Mr. Adamson, with regard to the amount of clothing they turn out of their own factory, is that a very large percentage of what they sell in the store?—A. No, I would not say so. I have the figures on that.

Mr. SOMMERVILLE: Let him have those figures.

The WITNESS: They are coming later, they are in a separate section of the report. The total output of this factory was only \$100,000 last year.

Mr. SOMMERVILLE: But Keen's was one of the factories, we were told, that sold most of the ladies' wear to one department.

The WITNESS: The amount taken from Keen's was more than from any other supplier, but it is proportionately small.

Resuming the statement: two cutters (males) formerly employed on a time basis at \$35 a week were transferred to piecework and for the above six months their weekly earnings average \$15.88 and \$17.72. No record was kept of the hours worked during these weeks. The factory manager states that short time has increased slightly in recent years.

By Mr. Sommerville:

Q. That is just the amount of 50 per cent or more of a cut in the wages of these cutters?—A. It depends on the hours, if they have the work they make it.

Q. But on a time basis they were earning \$35 a week?

Mr. YOUNG: That is, if they had steady time.

Mr. SOMMERVILLE: If they had steady time.

Mr. YOUNG: Yes.

Mr. SOMMERVILLE: They were paid by the week at any rate.

Mr. YOUNG: Were they?

Mr. SOMMERVILLE: This is on a weekly basis; and they were transferred to a piecework basis and their earnings averaged \$15.88 and \$17.72.

The WITNESS: If they worked less than a week they would be paid less, although they are on a \$35 a week basis—say, if they only worked two days out of six.

By Mr. Sommerville:

Q. Have you compared the actual earnings?—A. No record was kept of the hours worked in each of these weeks.

Mr. FACTOR: I do not know why you give us an instance of that kind on the face of it.

By Mr. Sommerville:

Q. They are all on time?—A. All on a time basis.

The CHAIRMAN: I think the point we should consider is that the two cutters formerly employed on a time basis had \$35 per week. They were not cutting every moment of the time, there was a certain amount of time in which they may not have been cutting; still they were on a flat rate of \$35 a week.

Mr. YOUNG: You mean, they were working at a rate of \$35 a week; that is what they would get if they worked a full week, if they only worked half a week, they would get \$17.50.

The WITNESS: That is right.

Mr. SOMMERVILLE: But I think they were better off when we bear in mind that the average for employees in cases of that kind was around 39 hours out of a 44-hour week.

Mr. FACTOR: Yes, that is right.

Mr. YOUNG: Do these cutters, for instance, earn as much as the stitchers?

Mr. FACTOR: A fair comparison would be what they actually earned on a time basis and on a piecework basis.

The WITNESS: They could not be compared unless you had a record of the hours worked.

The CHAIRMAN: There is no object in making a reference to it at all unless the hours worked are shown. You might just as well forget it, because otherwise there is no object in making the comparison.

By Mr. Sommerville:

Q. All right?—A. The factory manager states that short time has been increased slightly in recent years.

By Mr. Young:

Q. Did he say why?—A. Production has decreased.

Mr. SOMMERVILLE: He means they are buying elsewhere cheaper than they are manufacturing.

Mr. YOUNG: Or possibly that people are going in for less clothes.

Mr. SOMMERVILLE: They may be.

The CHAIRMAN: Let's get on.

The WITNESS: It will be in statement W-9.

Fur Factory

As will be noted on Statement W-9 rates in this factory are higher than average rates, being \$29.75 for men and \$15.62 for women at 10th January, 1934. On the other hand, the trade is very seasonal and an analysis of the 41 employees on the payrolls for the six months October, 1933, to March, 1934 (26 weeks), shows the number of weeks in which each worked to be:

9 to 14 weeks	22
20 to 24 weeks	5
25 weeks	4
26 weeks	10
	<hr/>
	41

By Mr. Sommerville:

Q. The majority of them worked fourteen weeks or less?—A. Yes.

By Mr. Young:

Q. When their slack season is on can they get employment in some other department at some other work?—A. It is not usual at all.

Q. If they are a furrier that is all they can do?—A. Apparently.

Mr. SOMMERVILLE: Yes, but they can only work for one firm at a time.

Mr. YOUNG: Could they not take them into the drapery department?

Mr. SOMMERVILLE: They might send them down to the barber shop.

The CHAIRMAN: Order, order,

Mr. YOUNG: If these people can sew furs, could they not also sew other kinds of things?

Mr. FACTOR: A little humour does not hurt.

The CHAIRMAN: Let us get along please. It is a few minutes to six.

The WITNESS:

No. 388 Drapery

This factory manufactures curtains and awnings and upholsters furniture. Production is only begun after orders are received from the Selling Departments of the organization, to whom it disposes of its entire output at approximate cost.

There is a pronounced seasonal trend to the business, short time at certain seasons being partially offset by overtime at others.

An examination of the payrolls for the six months October, 1933, to March, 1934, shows that most employees lost at least one full week's work during this period.

There are sixteen men employed at upholstering on piecework rates. Most of these men were formerly employed at time rates of from \$35 to \$40 per week. Average weekly earnings of these pieceworkers during 1933 ranged from \$13.80 to \$24.49, and averaged for the whole group \$18.81.

By Mr. Factor:

Q. That requires some explanation too—on the face of it it looks like a reduction from \$35 a week to \$13.80 or \$24.49: is there any explanation of that?—A. I have not the figures here.

Mr. KENNEDY (*Peace River*): Is it customary to have them on a weekly basis and then to cut them off a half a day at a time?

By the Chairman:

Q. When was this transfer made from a weekly to a piecework basis?—A. I will have to get that from my papers.

Q. Was it in the nature of a reduction as part of the economy program of the company?—A. Yes.

Q. It was made subsequent to the 1929 reorganization I understand?—A. Yes, it is an economy measure.

By Mr. Sommerville:

Q. Then it must have been made with a view to effecting savings in wages?—A. Yes.

Q. It has resulted in that?—A. Yes.

By the Chairman:

Q. It is to help pay the fixed charges arising out of the 1929 scheme.

Mr. FACTOR: I cannot understand the reduction in the men's wages of over 50 per cent—

The CHAIRMAN: Is it possible, Mr. Adamson, without too much trouble, to find out in this and the other case what the actual result was?—A. Yes.

Q. Because that is the whole point I think to the substantial reductions in wages as compared to what the employees normally make. Now, that is what happens to this company in its distribution of wealth.

The Committee ought to note it.

Mr. FACTOR: We ought to know the actual earnings of these men when they were on a time basis, and when they were on an hourly basis.

The CHAIRMAN: Absolutely.

The WITNESS: J workroom.

This workroom manufactures hats for sale in the Toronto Store and employs fifty to sixty girls. While the number receiving \$12.50 per week has increased from 5 to 22 during the last four years, some higher rates are still being paid—10 of the employees, mostly “preparers”, being paid at a rate higher than \$18 per week.

While the average rate is higher than in the other factories and workrooms there is considerable short time due to layoffs. Even the regular employees were laid off 5 or 6 weeks during the past year. Apart from these lay-offs there is not much short time.

G Workroom

This workroom makes alterations to women's garments sold in the Toronto Store and employed 83 female employees during the week ended 10th January, 1934. Of the 91 names on the payroll at that date 57 or 63 per cent were being paid at the rate of \$12.50 per week and the average rate for all was \$14.14. This compares with an average rate of \$17.15 four years previously.

There was no evidence of short time in this workroom during the six months, October, 1933 to March, 1934. The manageress of this Department informs us that those who have been employed for two years or more lose only one week in the summer season due to temporary lay-off, though some of these employees take several more of their own volition.

There are a few extras who are taken on in busy seasons only. The manageress states that these are not necessarily the same employees year after year.

R Workroom

This department does hardwood flooring and carpet and linoleum laying both in the residential and industrial fields. Some of the employees receive practically full time employment—others are only taken on as required. Hourly rates ranged from 52½ cents to 70 cents per hour in 1930 and from 43 cents to 60 cents per hour in 1934. The hours per week were reduced from 48 to 46½ during this period.

Construction

Painting (including Paperhangers)

These groups are engaged on both outside work and store maintenance—the work being divided about equally between the two. As with R Workroom the employment provided varies from full time to occasional. In all these departments occasional employees would usually, until a few years ago, obtain other employment when not working with the Company. The hourly rates were:

	At 8th January 1930 Cents	At 10th January 1934 Cents
Carpenters	80	70
Painters and Decorators	70-80	60-70

Mr. HEAPS: With regard to these figures, do you know what the union rates are for the same occupations?

WITNESS: No, I do not.

Engineers

Full time employment is obtained by this staff which is engaged almost entirely on building maintenance. The average weekly rate was \$29.58 in January 1930 and \$24.32 in 1934.

By Mr. Sommerville:

Q. Did you have any evidence in connection with painters and decorators that when special offers were put on to do a room for \$3.50 or \$4 reduced rates were paid to the carpenters or to the painters or to the decorators?—A. No.

Q. Did you search for that?—A. Yes.

Q. And what arrangement is made?—A. The department sells the wallpaper, and the employees in the painting and construction department do the actual work and the amount which is collected from the customer is credited to that department. There was only one instance, for a short time, when the offer was made to paper rooms for \$2.85.

Q. Now, the statement was made that on those occasions it was not a rate per hour that was given the men but a certain amount was given them for the doing of the room?—A. There is no evidence of that.

Q. And it was a proportion of the whole \$2.85, and if they did not get it done in that time they had to do it in their own time?—A. There is no evidence of that. The number of transactions at \$2.85 was comparatively small; the offer was on only for a short time.

Q. It is a regular feature from time to time?—A. No, not in this company.

By Mr. Young:

Q. Considering the wages and employment in all these different departments, would you say that the problem of the employees is not so much the hourly rate of wages as the number of hours work which they lose?—A. Taken as a whole there are comparatively few who are on short time.

By Mr. Sommerville:

Q. Out of the entire number of employees?—A. Yes. These factories are all small compared to the total organization.

By Mr. Young:

Q. In those that you have been dealing with, is that the situation?—A. Yes, I think so.

Q. They show fairly reasonable rates of wages, and their earnings are small. It is a problem of partial unemployment?—A. Yes, but the number of employees in the workrooms is small compared with the total number of employees.

Mr. HEAPS: In the case we had the average is 39 as against 44 which is not bad, taken all around.

Mr. YOUNG: These men got higher wages.

The WITNESS: I think Keens is the factory where the short time is evident.

Management Salaries

Included in this classification are those employees paid by cheque and not included in the general payrolls. Within the group are—

- (1) Sub-executives, department managers and certain of their assistants
- (2) Executives—(8).

None of the wage rates of these officials who are paid by cheque are included in Statements W-1 to W-12.

Prior to 1931 the majority of these received a bonus in addition to their regular salary, but in 1931, 1932 and 1933 no bonuses were paid.

The salaries and bonuses paid by cheque during each of the past five years were:—

—	Salaries	Bonuses	Total	Sales Toronto Units	Percentage Salaries and Bonuses to Sales
	\$	\$	\$	\$	%
1929 (52 weeks).....	738,135	184,850	922,985	36,499,655	2.5
1930 (52 weeks).....	739,784	137,950	877,734	35,544,235	2.5
1931 (53 weeks).....	711,442	.....	711,442	33,455,659	2.1
1932 (48 weeks).....	589,710	.....	589,710	25,051,138	2.4
1933 (52 weeks).....	528,270	.....	528,270	26,487,470	2.0
Percentage 1933 of 1929.....	% 71.6	.....	% 57.2	% 72.6	

By Mr. Sommerville:

Q. What is the percentage of salaries and bonuses and sales for the managers?—A. 2.5 per cent in 1929 and 2 per cent in 1933.

Q. And the reduction percentage of 1933 as against 1929?—A. The percentage in 1933 of 1929 in salaries, 71.6.

Q. A reduction of approximately 30 per cent.

Mr. ILSLEY: When you take the former bonuses into account the reduction is 42.8 per cent.

The WITNESS: Total wages to other employes have decreased.

Mr. SOMMERVILLE: You mean including bonuses?

Mr. ILSLEY: Yes.

The WITNESS: While total wages paid to other employees have decreased by 29.7 per cent from 1929 to 1933, as shown on Statement W-1, the total of management salaries and bonuses have decreased by 42.8 per cent during the same period.

Sub-executives, Department Managers, etc.

On Statement W-13 the annual salary rates of sub-executives, department managers, etc., during the years 1930 and 1933 are shown in various rate groupings. The average salary has been reduced during this period from \$6,180 to \$4,525 per year. In addition to these salaries, bonuses were paid in 1930 to most of these employees, which ranged from \$100 to \$6,000 and averaged \$1,182. No bonuses have been paid since 1930.

Executives

The total salaries and bonuses paid to these executives were,—

In 1930—Salaries..	\$ 176,216	
Bonuses..	23,500	
		\$ 199,716
In 1933..		\$ 142,164

By Mr. Sommerville:

Q. That is to eight executives?—A. Yes.

Mr. KENNEDY (Peace River): That is an average of \$17,000.

By Mr. Sommerville:

Q. Now, with regard to the memorandum on wages in Montreal, are they consistent with the same position that found in Toronto generally?—A. Yes, generally they are.

Q. And you found the same practice followed of a cut in wages?—A. Only the one 10 per cent cut was made.

Q. 10 per cent in Montreal?—A. Yes.

Q. Are the wages somewhat less in Montreal than in Toronto, generally speaking?—A. Slightly less.

MEMORANDUM OF INVESTIGATION OF WAGES PAID TO EMPLOYEES OF THE MONTREAL
STORE OF THE ROBERT SIMPSON MONTREAL LIMITED, A SUBSIDIARY
OF THE ROBERT SIMPSON CO. LIMITED

General.

This company operates a general departmental store in Montreal, located in a six-storey building on St. Catherine Street West, between Mansfield and Metcalfe. In connection with the store a storage building on Aqueduct street and a garage on Mansfield street are maintained. The present store was constructed during the latter part of the year 1929 and in 1930, and is considerably more spacious than the former premises. In comparing the figures for the years 1929 and 1930 with the subsequent years consideration should be given to this fact, and to the unusual conditions caused by the moving from the old store into the new.

In the statements submitted the employees are shown under the following general classifications:—

- (1) Selling Departments.
- (2) Charge and Administrative Offices.
- (3) Store Services.
- (4) Workrooms.

Terms of Employment, etc.

Conditions and regulations covering employment are essentially the same as those in force in the Toronto Store. There are two staffs, regular full-time employees and contingents or extras. Vacancies on the regular staff are, as a rule, filled from the contingent or auxiliary staff wherever possible. There are no part-time employees in this store working definite hours each day.

The regular store hours are 9.00 a.m.-6.00 p.m. six days a week, but are 9.00 a.m.-5.30 p.m. five days a week and until 1.00 p.m. on Saturdays during July and August. All employees are expected to be in the store at 8.45 a.m. and remain until a few minutes after 6.00 p.m., with one hour for lunch and a rest period of twenty minutes each morning and afternoon. The store, workroom and office hours are all the same. The hours of the delivery staff, however, vary somewhat from day to day.

The store was open eleven Saturday nights and seven week nights before Christmas during the year 1933, and the store was also open on Saturday night, the 7th of January, 1933. It was not open for the corresponding night in 1934.

The staff are paid one-half day extra for night work when the store is open, and those who receive \$8 per week or less are supplied with a supper in the staff cafeteria. Employees do not receive overtime when the store is not open to the public, but they are supplied with a meal if required to work after store hours.

The general policy for discharge of employees is as follows: The departmental manager may release an employee by making out a transfer slip which is sent to the superintendent, who will endeavour to transfer the employee to some other department. Where this is not feasible the employee is dismissed, but subject to recall if a vacancy occurs within one month, with no loss of status. No notice of intention to leave or of dismissal is necessarily given either by the employee or the employer. Each member of the staff employed prior to the 31st of August each year is entitled to one week's holiday with pay in the following year, and two weeks each year thereafter. All employees receive pay and time off for all legal holidays.

Payment.

Payment is made by—

- (1) Weekly or hourly wage.
- (2) Weekly wage plus commission, either on all sales or sales over a fixed amount.
- (3) Commission only.

The contingent staff is paid at a daily wage rate. Sometimes these employees are engaged for a full day; sometimes only from 11.00 or 11.30 a.m. to 5.00 or 5.50 p.m., with one half hour for lunch.

Benefits.

All regular employees may obtain a shopping permit for themselves and their dependents which entitles them to a discount of 10 per cent. These may be used either in the morning or in the afternoon.

In the Montreal store there is no profit-sharing fund. When employees become ill they are attended by the company doctor and are paid until they are better, or for a reasonable time, each case being treated on its own merits and according to circumstances. Pensions for retired employees are determined and paid from Head Office.

Economies Effected.

As will be seen from Statement W-1, both the number of employees and the total wages paid have increased considerably over the period. While the total number of employees in 1933 was 106% greater than in 1929, the total wage bill had increased by only 76%. This was made possible by:

Wage "Cut".

There was a general cut in wage rates of 10% made effective the 27th of August, 1931, with the exception that married men were not reduced below \$18 per week and all employees receiving less than \$12 per week were exempted entirely. In addition to the general cut, in certain cases, there were other individual adjustments. In April, 1934, a partial restoration of this reduction was made. All employees who had suffered from this reduction received an increase of 5%, to the nearest 50c. Thus, the rates of full-time employees at 10th January, 1934 shown on Statement W-3 are not those in effect at the present time.

Short Time.

Five-and-a-half day weeks, or enforced holidays were made during the first few months of 1932, but where employees could not afford these, the departmental managers made other arrangements for them. It was generally not over one day per week. In 1931 there was an enforced holiday of one week without pay.

Comparative Statement of Sales, Number of Transactions, Wages, etc.

From Statement W-1 it will be seen that the total sales have increased approximately 57.4% since 1930 and the number of transactions have increased by 89.2% necessitating an increase in the number of employees. During the same period the value of the average sale has decreased from \$2.47 to \$1.72. Selling wages in 1933 were exactly the same percentage to sales as they were in 1929, viz., 7%, fluctuating in the meantime between 7% and 7.5%. The average number of employees for all departments increased from 380 in 1929 to 783 in 1933 or more than double. The total wages paid fluctuated between 12.2% of sales in 1929 and 13.7% of sales in 1933. In the year 1932 the company changed the end of its fiscal year from the 31st of January to the 31st of

December. All the company's records for this fiscal period include only 48 weeks. For the purpose of the comparative figures shown in Statement W-1 the results for the month of January, 1932, have been included in both the years 1931 and 1932 in order to show more nearly comparable periods.

Average Number of Employees.

On Statement W-2 is shown the average number of employees per week. There is an increase in the number each year on all staffs, the greatest increase being in the Store Services group.

Wage Rates of Full Time Employees.

On Statement W-3 is shown a comparison of the male and female employees on the payrolls of 8th January, 1930, and 10th January, 1934, classified according to weekly wage rates. There are also shown on this statement the average weekly wage rates of these employees at these dates, which are summarized as follows:

Class	Male		Female	
	1930	1934	1930	1934
Selling Departments..	\$27 40	\$20 89	\$17 67	\$13 25
Store Services..	21 67	18 49	11 40	12 32
Charge and Administrative Offices.. . .	11 78	13 10	16 00	12 70
Workrooms .. . . . .	.....	24 14	—	15 22

There were no full-time workroom staffs on the payroll of 8th January, 1930. The only classifications to show an increase in the average wage rates were the Store Service (female) and the Charge and Administrative (male) Divisions.

The number receiving rates less than \$12 per week (and these employees were not subject to the general wage "cut" referred to above) has increased more than proportionately, as shown below:

Rates less than \$12 per week	At 8th January, 1930	At 10th January, 1934
Male	21.1%	19.0%
Female	25.5%	50.1%
Total	24.5%	39.7%

Parcellers.

Girls and boys between the ages of fifteen and seventeen are employed as parcellers. The weekly wage rate for girls is \$5 per week and for boys \$6 to \$8 per week. Most of these employees are subsequently transferred to Selling Departments.

Telephone Order Office.

There were three full-time telephone operators employed at the rate of \$13.50 per week at 10th January 1934. In addition, extra telephone operators are usually employed for the mornings and these extras are given work in the store in the afternoon if there is a rush in any Department. The rate is \$7.00 per week for morning employment.

Contingents

On Statement W-4 is shown the number of these employees on the payrolls of 8th January, 1930, and 10th January, 1934, together with the hours worked and their daily wage rates. It will be noted that there has been a substantial increase in the number of these employees over the four years (the increase being 119 per cent as against 104 per cent in the number of full time employees). There is an increase in the number employed at the smaller daily rates and a decrease in the number receiving \$3 per day or over.

Demonstrators

On Statement W-5 are shown the details of "demonstrators" appearing on the pay-roll at 10th January, 1934. These demonstrators are paid by the store and their wages recovered or partly recovered from the manufacturers of the goods which they sell. Such demonstrators are located in the toilet goods, women's shoes and hardware departments. There are also certain other demonstrators in the employ of manufacturers who make sales of the articles which they are exhibiting, but these do not appear on the pay-roll.

Department Managers

The statements submitted do not include the salaries of Department Managers. The following is a comparative classification of Department Managers' yearly salaries, based on the pay-rolls of 8th January, 1930, and 10th January, 1934:—

Salary per Year	1930	1934
Under \$2,000.. . . .	—	2
\$2,001 to \$3,000.. . . .	1	1
\$3,001 to \$4,000.. . . .	5	5
\$4,001 to \$5,000.. . . .	5	8
\$5,001 to \$6,000.. . . .	2	1
\$6,001 to \$7,000.. . . .	1	2
\$7,001 to \$8,000.. . . .	1	—
\$8,001 to \$9,000.. . . .	1	—
	16	19
Average yearly salary.. . . .	\$4,675	\$4,372

Mr. King, the general manager, is paid by cheque from Toronto and is not included in the above summary.

Mr. FACTOR: Montreal has no factory?

The WITNESS: No.

Mr. FACTOR: There is just the store—sales and service?

The WITNESS: Yes.

By Mr. Sommerville:

Q. Now, with regard to Regina there was a 10 per cent cut which was the only cut made in Regina?—A. Yes.

Q. And, otherwise, are the conditions prevailing in Regina much similar to those that you reported on in Toronto?—A. Yes, in the mail order division.

Q. It is a mail order house with a retail store section?—A. Yes.

MEMORANDUM OF INVESTIGATION OF WAGES PAID TO EMPLOYEES OF THE ROBERT SIMPSON WESTERN LIMITED, REGINA, A SUBSIDIARY OF THE ROBERT SIMPSON COMPANY LIMITED

General

The Robert Simpson Western Limited operates a mail order house and a retail store at Regina, Saskatchewan, and employs almost 500 men and women.

The dollar volume of sales of the mail order division has decreased from \$5,501,235 in 1929 to \$3,200,376 in 1933, a decrease of 42 per cent. On the other hand, the business of the retail store, which is a more recent development, has increased considerably during this period.

Terms of Employment, Benefits, etc.

The terms of employment are very similar to those of The Robert Simpson Company Limited at Toronto. The normal working week of the store is 49 hours, and of the mail order division 48 hours. Overtime is paid for at regular rates. Employees may leave or be released without notice by either party.

Holidays with pay are granted to employees; one year's employment entitling an employee to one week's vacation; two or more years' employment to two weeks' vacation.

Sickness benefits are only paid to such employees as sustain injuries while on the premises, and these are reimbursed for lost time through the company's accident insurance fund.

ECONOMIES EFFECTED

Retail Store

A wage "cut" of 10 per cent in the wage rates of full-time employees was made in June, 1932. In the Retail Shoe Department, eight men were placed on short time due to slack business, rather than releasing some of them entirely.

Mail Order Division

Most of the employees in this division were placed on part-time. Those who were still retained on full-time (and these were principally seven employees and department heads), were given a "cut" of 10 per cent in November, 1932, and the cut was increased to a further 15 per cent two months later.

Minimum Wage Requirements

Orders made under the Saskatchewan Minimum Wage Act set minimum wage rates for experienced female employees of \$15 per week in stores and \$14 per week in mail order houses. Minors and other inexperienced employees are subject to varying rates of from \$6 to \$13.50 per week. From 1st September, 1933, to 31st March, 1934, these rates were subject to a percentage reduction—15 per cent in the case of those earning \$13 per week or over, and 10 per cent in the case of those earning less.

Number of Employees

The number of employees at 8th January, 1930, and 10th January, 1934, is summarized as follows.

	Male		Female		Total	
	1930	1934	1930	1934	1930	1934
Retail Store—						
Full-time employees—						
Under \$35 per week	18	39	42	47	60	86
\$35 per week or over	2	2	..	..	2	2
	20	41	42	47	62	88
Part-time employees.. . . .	0	9	5	1	5	10
	20	50	47	48	67	98
Mail Order Division—						
Full-time employees—						
Under \$35 per week	124	35	268	36	392	71
\$35 per week or over	20	13	..	..	20	13
	144	48	268	36	412	84
Part-time employees	1	91	14	207	15	298
	145	139	282	243	427	382

Wage Rates of Full-Time Employees

The weekly wage rates of all full-time employees receiving less than \$35 per week at 8th January, 1930, and 10th January, 1934, are shown on statement RW-1, together with their average weekly wage rates. The average weekly rates of retail store employees have fallen during this period from \$19.51 to \$17.46 in the case of men, and from \$14.15 to \$13.85 in the case of women. In the mail order division, however, the average weekly wage rate has increased, due to the fact that only senior employees, who would be receiving rates higher than the average at 8th January, 1930, were receiving full-time employment four years later.

Part-Time Employees

From statement RW-2 it will be seen that in 1934 most of the men on part-time were receiving over 30 cents per hour, and most of the women between 25 cents and 30 cents per hour. During the first three months of 1934, the part-time employees in the retail shoe department received about 80 per cent employment. In the mail order division an analysis of the hours worked by 54 female employees on part-time shows that during these three months:

3	worked	90	per cent	to	100	per cent	of	full	time
8	worked	80	per cent	to	90	per cent	of	full	time
18	worked	70	per cent	to	80	per cent	of	full	time
24	worked	60	per cent	to	70	per cent	of	full	time
1	worked	50	per cent	to	60	per cent	of	full	time
<hr/>									
54	worked	an average of 73 per cent of full time							

Executives and Departmental Managers

The following is a summary of the wage rates of department managers receiving over \$35 per week and executives at 8th January, 1930, and 10th January, 1934.

	1930	1934
\$35 to \$44.99 per week	5	6
45 to 54.99 per week	3	5
55 to 64.99 per week	5	1
65 to 74.99 per week	5	1
Over \$75 per week.. .. .	4	2
Total	<hr/> 22	<hr/> 15

The general manager at Regina received in 1930 \$163 per week plus a house allowance, and in 1934 \$125 per week plus a house allowance. This is the highest salary paid by this Company.

By Mr. Sommerville:

Q. Now, have you that typewritten statement for me?—A. I would like to look at it first.

Q. If you will just look at it for us; I just wanted to take this statement in to show the cost of financing in 1929; what has been the additional overhead added by that financing, by the withdrawal of \$15,000,000. That was something we had held over to be dealt with in detail?—A. The increased cost is due not only to that \$15,000,000, but also to extensions made in the meantime.

Mr. KENNEDY (Winnipeg): Mr. Chairman, just before we rise I would like to comment upon the information that has been made available to the committee during the week, and the manner in which it has been presented; I am sure in expressing my own feelings I voice the sentiment of the committee that a very able presentation has been made.

The CHAIRMAN: I think we can compliment the auditors who have presented this information. We have given Mr. Adamson a pretty long and hard grueling here in the last day or so.

Mr. SOMMERVILLE: We must admire the very able way in which the information has been presented.

Just before we conclude I would like to get this statement in.

Mr. FACTOR: Are you through with Simpson?

Mr. SOMMERVILLE: This will close Simpsons at the present time; except for the investigators who will come in to report on this and similar matters.

Mr. YOUNG: Aren't we going to get the breakdowns of these mark-ups?

Mr. SOMMERVILLE: That cannot be given by the auditors, that will have to be given by somebody else.

Mr. FACTOR: What is the statement you have now; we had better leave that until Monday.

Mr. SOMMERVILLE: This, very briefly, is a statement showing the cost of financing the withdrawal of \$15,000,000, and certain extensions.

SIMPSON'S LIMITED

COST OF FINANCING—1925-1929

(Exclusive of Premium Paid or Discount Received on Redemption through Sinking Funds)

	Par Value	Commis- sion, dis- count, etc.	Premium on redemption
	\$	\$ cts.	\$
<i>Simpson's Limited (1925)</i> —			
1925—6½% Collateral Trust Bonds.....	5,600,000	575,000.00	200,992
1928—6% Preference Shares.....	4,000,000	170,934.20	200,000
1929—6% Preference Shares.....	3,000,000	121,255.00	150,000
<i>Simpson's Limited (1929)</i> —			
1929—6% 1st Mortgage Bonds.....	10,000,000	} 120,000 Shares " " Shares	} Class "B" Shares
6½% Preference Shares.....	10,000,000		
Class "A" Shares.....	120,000		
Class "B" Shares.....	120,000		
1930—5½% 1st Mortgage Bonds.....	1,250,000	\$261,297.18	
6½% Preference Shares.....	1,250,000		

Mr. KENNEDY (*Peace River*): What about that \$20,000,000 odd? Did that involve something by way of cost in addition to what is shown there?

Mr. SOMMERVILLE: The operating company realized that \$20,000,0000 and the holding company—

The WITNESS: Not the operating company, Simpsons—twenty million was realized from the sale of its securities.

Mr. SOMMERVILLE: Yes, and that was realized by Simpsons 1929.

The WITNESS: Simpsons Limited 1925.

Mr. SOMMERVILLE: Now we are getting back. And then they distributed that. Then there is this other statement, I am afraid it is too big for us to deal with tonight and we will have to have this read Monday morning.

The CHAIRMAN: We will meet again on Monday morning at 11 o'clock.

The Committee adjourned at 6.20 p.m. to meet again on Monday, June 11, 1934, at 11 o'clock a.m.

HOUSE OF COMMONS, ROOM 368,

June 11, 1934.

The special committee appointed to inquire into price spreads and mass buying met at 11 o'clock, Hon. H. H. Stevens, presiding.

Mr. Norman Sommerville, K.C., of Toronto, and Mr. W. W. Parry, K.C., of Toronto, appeared as counsel for the committee.

The CHAIRMAN: Gentlemen, the minutes of the last meeting indicate the witnesses called and certain exhibits filed. We will declare the minutes approved.

WALTER L. GORDON, called and sworn.

By Mr. Sommerville:

Q. Mr. Gordon, you are a member of the firm of Clarkson, Gordon, Dilworth?—A. Yes, sir.

Q. And a son of Mr. Gordon who is one of the senior partners of that firm?—A. Yes, sir.

Q. And you had charge, under Mr. Nash, of the detailed examination into the affairs of the T. Eaton Company, Limited?—A. I did.

Q. And in response to the request of the committee you have prepared the information necessary to enable the committee to consider the questions that are before them with respect to this company?—A. Yes.

THE T. EATON CO. LIMITED

MEMORANDUM IN CONNECTION WITH THE ORGANIZATION AND GROWTH OF THE BUSINESS

The relationship of The T. Eaton Company Limited to its subsidiary and affiliated Companies is shown in the form of a chart in Statement A-1. The particulars relative to the incorporation of each Company, the issued capital, the directors, shareholders and the places where the Companies conduct their operations are set out in Statement A-2. The information contained in Statements A-1 and A-2 was obtained from officials of the Company and was not verified by reference to the charters, minute books or other corporate records of the various Companies concerned.

The whole organization is controlled by the Sir John Eaton Estate, which owns 8,890 shares of The T. Eaton Co. Limited out of a total of 10,000 shares outstanding. The T. Eaton Co. Limited holds the controlling interest in the majority of the affiliated Companies but the following are controlled directly by the Estate:

The International Realty Company Limited—which owns certain properties in Toronto.

The Eaton Knitting Company Limited—a manufacturing company in Hamilton, Ontario.

The Eaton Canadian Products, Limited, and The Eaton Canadian Products (England) Limited—These companies were incorporated in 1933 to conduct an export business but have not operated as yet.

The T. Eaton Life Assurance Company—This Company conducts a general life insurance business primarily for the employees of the Eaton organization. It also solicits business through the mail. The Estate holds 1,550 shares of the 2,500 shares outstanding; an additional 700 shares are owned by The T. Eaton Co. Limited.

The T. Eaton Co. Limited operates the largest units of the business and also controls all the other affiliated companies. It will be seen from Statement A-1 that the T. Eaton Company operates large stores or mail order departments at Toronto, Hamilton, Winnipeg, Regina, Saskatoon, Edmonton, Calgary, Moose Jaw and Port Arthur. In addition it has groceterias at 31 points in Ontario and 10 in the Western Provinces and operates 4 Teco Stores and 2 Creameries in the West. It has 88 Order Offices throughout the Country, 22 of which are located in Canadian Department Stores—27 in other stores operated by the Company and 39 in separate offices. The Company has buying offices in Montreal, New York, England, Ireland and Switzerland and a warehouse in Manchester, England, which does some assembling work.

The T. Eaton Company Limited controls the following subsidiaries—

The T. Eaton Drug Company Limited and The T. Eaton House Furnishings Limited—From an operating standpoint these two Companies are considered as merely different departments of the Toronto Stores and Mail Order and the Hamilton Store. The Drug Company was incorporated to comply with certain legislation;

The Eaton Delivery Company Limited—This company maintains three depots in Toronto and handles all the Toronto city deliveries and also operates delivery trucks to a few outside points;

The T. Eaton Company of France, and

The T. Eaton Company, M.b.H.—Berlin—These are buying offices on the Continent;

The T. Eaton General Insurance Company—This is a comparatively small Company which insures part of the Company's merchandise while in transit;

Purchasers Finance Company Limited—This Company finances all sales made on the deferred payment basis by the Toronto and certain other stores;

Business Properties Limited—This Company holds certain properties in Toronto;

Two comparatively small Companies holding Real Estate in Western Canada;

Guelph Stove Company Limited—which operates a factory in Guelph, Ontario, and its subsidiary;

The Chromalox Company Limited, Toronto—which makes elements for stoves;

The T. Eaton Realty Company Limited—This Company owns the main properties in Toronto, Winnipeg, Saskatoon, Hamilton, Regina, Calgary and Moncton. The controlling Common Stock is held by The T. Eaton Co. Limited. \$12,000,000 of Convertible Ordinary stock is held by The Sir John Eaton Estate and \$12,000,000 5% Bonds are outstanding in the hands of the public.

Canadian Department Stores Limited—This is a chain, operating 21 stores and one warehouse in Ontario, four stores in Nova Scotia and one in New Brunswick;

Canadian Stores Limited—This is a grocery chain operating 13 groceterias in Nova Scotia, 7 in New Brunswick and 2 in Prince Edward Island;

The T. Eaton Company Limited, Montreal—This Company owns and operates the Montreal Store, one Teco Store, a Clothing Factory in Montreal and two groceterias and one Mail Order Office in the Province of Quebec;

The T. Eaton Company Maritimes Limited—This Company operates a Store, Mail Order Department and groceries in Moncton, a shirt and overall factory in Saint John, N.B., a store, 5 groceries and a grocery warehouse at Halifax, a grocery at Dartmouth, N.S., and 23 Order Offices in various Groceries and Stores in the Maritimes. This Company does not own the Moncton Store property which was sold to The T. Eaton Realty Company Limited, but it holds the title to the Saint John factory and the Halifax Store.

Points where business is conducted

The business of the Eaton organization is carried on in the following places of business—(See Statement A 3)—

- 13 Large Department Stores
- 5 Mail Order Distributing Sections
- 32 Smaller Department Stores selling general merchandise
- 57 Groceries, not including 15 located in other stores
- 3 Creameries
- 40 Separate Mail Order Offices, not including 72 located in other stores or groceries
- 7 Factories
- 4 Warehouses
- 9 Buying Offices
- 10 Companies which are not of a merchandising nature

The organization has branches in every Province of the Dominion of Canada except British Columbia where Mail Order business only is solicited from other branches.

Volume of Business

An indication of the size of the organization is obtained from Statement A 4, which shows the total sales of the Company and its subsidiaries for the years 1924 to 1933 inclusive. The sales in 1929 amounted to \$225,361,000 and in 1933 to \$132,500,000.

The relative importance of the different units of the organization may be obtained from the following analysis of the sales for the year 1933:

	Sales	Percentage of the Total
	\$	%
Toronto Store, including Drugs and House Furnishings.....	34,713,000	26.2
Winnipeg Store.....	18,341,000	13.8
Montreal Store.....	14,802,000	11.2
Hamilton, Regina, Saskatoon, Calgary, Edmonton, Moose Jaw, Moncton and Halifax Stores.....	15,326,000	11.6
Total—Main Stores.....	83,182,000	62.8
Mail Order Departments.....	35,515,000	26.8
Chain Stores—		
Groceries.....	\$ 4,170,000	
Teco Stores.....	2,491,000	
Canadian Department Stores.....	6,110,000	
Canadian Stores.....	1,632,000	
	13,803,000	10.4
	132,500,000	100.0

The largest collective unit consists of the three Toronto stores which, with the Drugs and House Furnishings combined, had sales of \$34,713,000 in 1933. The next largest unit is the Winnipeg store. A comparison of the sales in 1929 and 1933 of the Toronto stores and Toronto Mail Order section with those of the Winnipeg store and the Winnipeg Mail Order, is as follows:

	1929	1933
	\$	\$
Combined sales of the Toronto Stores (including Drugs and House Furnishings) and Toronto Mail Order.....	75,209,000	46,135,000
Combined sales of the Winnipeg Store and Winnipeg Mail Order.....	62,601,000	35,479,000

The approximate number of customers served in the Toronto Stores from 1924 to 1933 was as follows:

1924.....	41,400,000
1925.....	41,800,000
1926.....	42,400,000
1927.....	42,900,000
1928 (54 weeks).....	45,100,000
1929.....	43,800,000
1930.....	44,000,000
1931 (50 weeks).....	43,200,000
1932.....	41,400,000
1933.....	38,100,000

The sales of the whole organization (excluding sales from the Company's factories to the stores and not including finance charges, etc.) in 1929 and 1933 classified into broad geographical divisions are approximately as follows:

	1929	1933
	\$	\$
Toronto and Ontario.....	93,196,000	58,108,000
Winnipeg and Western Canada.....	82,137,000	48,522,000
Montreal and Province of Quebec.....	31,287,000	15,197,000
Maritimes.....	18,747,000	10,673,000
	225,361,000	132,500,000

The sales of the factories, practically all of which were purchased by the Company's merchandising units were—

1929	1933
\$22,503,000	\$12,896,000

Departmentalization

The organization is very highly departmentalized. There are approximately 180 different merchandising departments in the three Toronto Stores and approximately 40 departments in the Toronto Mail Order section. In addition there are approximately 117 service departments in the Toronto section—these include for example, the City Advertising department, the Telephone department, the General office, Treasury department, Caretaking department, etc. (For fuller details see Statement A 5).

Number of Employees

Statement A 6 shows the number of employees on the payrolls throughout the whole organization during Christmas week (the Company's busiest season) according to the Company's records.

The Company's officials estimate that the average number of employees for any year would be approximately 70% of the Christmas week figures. They also estimate that approximately 10% of the number of names on the average payrolls for the year would not be receiving pay on account of holidays, factory piece workers taking time off, etc.

An analysis of the total number of names on the payrolls at 1st January, 1934, is as follows:

Ontario.....	12,670	
Western Branches.....	6,920	
Montreal.....	3,432	
Maritimes.....	1,286	
Canadian Department Stores.....	924	
Eaton Knitting Co. Hamilton.....	941	
T. Eaton Drug Company.....	101	
T. Eaton House Furnishings Co.....	251	
Guelph Stove Company.....	240	26,765

These are classified according to occupations as—

Factory workers.....	6,208
Selling.....	11,561
General.....	4,220
Clerical.....	3,856
Executive.....	920
	26,765

The approximate average number of employees from 1924 to 1933 inclusive and the total amount of the payrolls for these years (including Directors' and Officials' salaries and bonuses) were as follows, according to the Company's records:

	Number of employees	Total amount of payrolls
1924.....	17,827	\$ 25,416,000
1925.....	20,877	27,997,000
1926.....	22,669	30,415,000
1927.....	24,846	32,888,000
1928.....	29,118	39,129,000
1929.....	30,764	41,198,000
1930.....	29,620	38,384,000
1931.....	27,345	32,674,000
1932.....	25,063	28,401,000
1933.....	25,736	24,945,000

Growth of the Business

The business was started by the late Mr. Timothy Eaton in 1869 and was carried on as a private un-incorporated enterprise until 8th July 1891 when The T. Eaton Co. Limited was incorporated. The expansion of the Company's business from 1869 to 1933 is shown in chronological order in Statement No. B-1. This Statement indicates the years in which additions were made to the Company's properties, new units were acquired or the activities of the business were enlarged. It will be seen that a very considerable expansion took place in 1927 and 1928. In these years the Groceries, Teco and Canadian Department

Store Chains were started, mail order offices were opened throughout the country, four large stores were opened and construction of the College Street Store, Toronto, was commenced. Since 1929 the policy has been to somewhat contract the Company's activities and some of the Canadian Department Stores and Groceries have been closed.

No records are now available to show the results of operations or the particulars of the assets and liabilities prior to the date of incorporation in 1891.

Statement B-2 shows in comparative form the assets and liabilities of the business at the time it was incorporated as a limited company, 8th July, 1891, together with the assets and liabilities shown in the Company's balance sheets at 30th January, 1901, 25th January, 1911, 26th January, 1921, 29th January, 1931 and 11th January, 1934. In recent years part of the Company's business has been conducted through wholly owned subsidiary Companies; the assets and liabilities of the important subsidiaries are consolidated with those of The T. Eaton Co. Limited in the balance sheets at 29th January, 1931, and 11th January 1934.

Statement B-2 shows that the book value of the assets increased from \$885,000 in 1891 to \$107,745,000 in 1931, but have since decreased to \$100,035,000. The share capital increased from \$249,000 in 1891, to \$1,000,000 by 1911 and has remained at that figure. The book value of the net worth of the business was approximately \$497,000 in 1891. According to the Company's records this increased to approximately \$56,137,000 in January, 1931 (see Statement C-3), but decreased to \$48,066,000 at 11th January, 1934 (see Statement C-3.) The Company's officials state that no outside capital has ever been obtained, with the exception of \$12,000,000 5% bonds of The T. Eaton Realty Co. Limited issued in April, 1929, and certain bonds and debentures issued to employees of the Company.

Statement B-3 shows the sales, not including inter-departmental transfers, or factory, output, from 1907 to 1933 inclusive. These increased from \$22,428,000 in 1908 to \$225,053,000 in 1929, but have since declined to \$132,500,000 in the year 1933

Complete statistics are not available respecting the number of customers served or the number of men and women employed by the Company in the earlier years of its history, but both have undoubtedly increased very substantially since 1891. This should be remembered in considering the growth of the business since that date. A comparison indicating the increase in the capital, surplus and free reserves shown in the balance sheets at 8th July, 1891, and at ten-year intervals thereafter (see Statement B-2) and the approximate volume of sales for the same years is as follows (in thousands of dollars):

	Capital, Surplus and Reserves	Sales	Percentage of Capital, Surplus and Reserves to Sales
	\$	\$	%
1891.....	497	1,600	31.1
1901.....	1,470	6,732	21.8
1911.....	7,262	45,613	15.9
1921.....	13,039	125,058	10.4
1931.....	41,885	171,984	24.3
1934.....	43,508	132,500	32.8

The Capital, Surplus and Reserves are shown as at the end of the respective years in the above summary. The Special Reserves not disclosed in the balance sheets (see Statement C-3) are not included in the above figures as the corresponding amounts are not available for the earlier years.

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Statement B business at the ti together with the at 30th January, 1931 and 11th Ja has been conduc and liabilities of T. Eaton Co. Li January 1934.

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Q. Now, first of all will you give the committee an outline of the organization of the business so that they may have that in their minds before proceeding to a more detailed examination of the spread and the costs and the financial structure?—A. We prepared the map to show the towns in which the Eaton organization conducts business. I think it will be easier to explain the various companies connected with and affiliated with the Eaton company from an examination of statement number 1. The whole organization is controlled by the Sir John Eaton estate which owns 8,890 shares of the 10,000 outstanding shares of the T. Eaton Company Limited. At the top of the chart—

Q. The remaining shares being held by other members of the Eaton family?—A. Yes, by other members of the Eaton family.

By Mr. Young:

Q. Are no shares held outside of the company?—A. No, sir, except directors' qualifying shares. There are one or two companies that are held and controlled by the estate and which are slightly apart from the Eaton organization, although they are all controlled by the same management. They are shown at the top of statement A-1, the first one being International Realty Company Limited which holds some properties in Toronto. It is not important.

Q. Where does the name "International" come from?—A. I do not know, sir. It is a small company, and it does not hold the main part of the real estate.

Q. It does not signify anything?—A. No, sir, it does not signify anything. The Eaton Knitting Company Limited is a fairly large manufacturing company in Hamilton and supplies the Eaton organization with a large quantity of their knitted goods. There are two small companies called the Eaton Canadian Products Limited and the Eaton Canadian Products (England) Limited, which are incorporated to carry on an export business, but they are not operating to any extent.

By Mr. Sommerville:

Q. Those are recent incorporations?—A. Yes, sir.

Q. They have just begun their operations?—A. They have incorporated and they have not actually commenced any operations to speak of. The T. Eaton Life Assurance Company which is controlled by the estate, but some of the shares are held by the T. Eaton Company Limited.

Q. That is a joint life insurance company, is it?—A. Yes; most of the business being done with the employees but it does issue policies to others.

Mr. HEAPS: Outside of the employees?

The WITNESS: Yes.

Mr. KENNEDY (*Winnipeg*): Does it establish agencies across Canada?

The WITNESS: No, but it advertises in the mail order catalogue. There will be a separate report on that company.

By Mr. Sommerville:

Q. These companies you have now named are companies that are owned and controlled by the Sir John Eaton estate?—A. Yes, the main company is the T. Eaton Limited. It controls all the other affiliated companies and it also operates three stores in Toronto, a mail order unit in Toronto, a store in Hamilton and a factory in Toronto and a warehouse. It operates thirty-one grocerterias—a grocerteria chain in Ontario with a few units in Manitoba and Saskatchewan. It operates the Winnipeg store, mail order and factory, which is not as large as the Toronto one by any means. It operates a store in Regina, and a mail order and a creamery; a store in Saskatchewan, a store and a mail order in Edmonton, a store in Calgary, a store in Moose Jaw, and small store in Port Arthur which is controlled by the—it is run with the other Canadian Department Stores. It

controls four "Teco" stores which are small department stores in the west, ten grocerias in the west and two creameries. It operates a warehouse in Manchester, England, and has buying offices at Montreal, New York, England, one in Ireland and one in Switzerland. It also has 88 mail order offices, 39 of which are separate offices. The remaining ones are located either in Canadian Department Stores or in the Eaton Grocerias.

Q. These 39 separate mail order offices are what are called order offices in some of the other organizations that we have dealt with?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. Is there any significance in these divisions in this chart from which you read?—A. Between Toronto and Winnipeg?

Q. Yes, you have lines there?—A. No, not at all.

By Mr. Sommerville:

Q. Perhaps you would just read your memorandum?—A. All right. The T. Eaton Company Limited control the following subsidiaries:—

The T. Eaton Drug Company, Limited, and the T. Eaton House Furnishings, Limited—from an operating standpoint these two companies are considered as merely different departments of the Toronto stores and mail order and the Hamilton store. They are separate companies, but they come under the management of the Toronto stores and so on;

The Eaton Delivery Company, Limited.—This company maintains three depots in Toronto and handles all the Toronto city deliveries and also operates delivery trucks to a few outside points;

The T. Eaton Company of France, and the T. Eaton Company, M.b.H., Berlin.—These are buying offices only on the continent;

The T. Eaton General Insurance Company.—This is a comparatively small company which insures part of the company's merchandise while in transit;

Purchasers Finance Company Limited.—This company finances all sales made on the deferred payment basis by the Toronto and certain other stores;

Business Properties Limited.—This company holds certain properties in Toronto;

Two comparatively small companies holding real estate in western Canada;

Guelph Stove Company Limited.—Which operates a factory in Guelph, Ontario, and its subsidiary;

The Chromalox Company Limited, Toronto.—Which makes elements for stoves;

The T. Eaton Realty Company Limited.

Q. That is a large organization?—A. Yes. This company owns the main properties in Toronto, Winnipeg, Saskatchewan, Hamilton, Regina, Calgary, and Moncton. The controlling common stock is held by The T. Eaton Company, Limited. \$12,000,000 of preferred stock—There is a misprint there. It should be convertible ordinary stock—is held by the Sir John Eaton Estate, and \$12,000,000 5 per cent bonds are outstanding in the hands of the public.

Q. When you say there is a mistake there, that it should be convertible ordinary stock, it means that it can be converted into preferred stock?—A. Yes.

Q. At the option of the holders of that stock?—A. Yes.

Q. But it has not as yet been converted?—A. No.

Q. It is in the position of being convertible ordinary stock at the present time?—A. Yes, that is right.

By Mr. Factor:

Q. What is the total capitalization of the realty company?—A. Of the realty stock? There is \$4,000,000.

Mr. SOMMERVILLE: There are full details of that later. Will you continue, Mr. Gordon?

The WITNESS: The next company is Canadian Department Stores Limited. This is a chain, operating 21 stores and one warehouse in Ontario, 4 stores in Nova Scotia and one in New Brunswick.

Canadian Stores Limited.—This is a grocery chain operating 13 groceterias in Nova Scotia, 7 in New Brunswick, and 2 in Prince Edward Island.

The T. Eaton Company Limited, Montreal.—This company owns and operates the Montreal store, one Teco store or small department store, a clothing factory in Montreal and 2 groceterias and one mail order office in the province of Quebec.

The T. Eaton Company Maritimes Limited.—This company operates a store, mail order department and groceteria in Moncton, a shirt and overall factory in Saint John, New Brunswick; a store, 5 groceterias and a groceteria a warehouse at Halifax, a groceteria at Dartmouth, Nova Scotia, and 23 order offices in various groceterias and stores in the maritimes. This company does not own the Moncton store property which was sold to the T. Eaton Realty Company Limited, but it holds the title to the Saint John factory and the Halifax store buildings.

Q. Perhaps you will give us—I see you have given it to us here—the business of the organization?—A. Yes. The business of the Eaton organization is carried on in the following places of business. This is shown on Statement A-3, which I do not think was printed. There are 13 large department stores, 5 mail order distributing sections.

Q. I think it might be wise to just enter on the record where those various places of business are located?—A. 13 large department stores, one located in Nova Scotia, at Halifax; one in New Brunswick, at Moncton; one in the province of Quebec, at Montreal; 3 at Toronto; one in Hamilton; one at Winnipeg; 3 in Saskatchewan, at Regina, Saskatoon and Moose Jaw; and 2 in Alberta, at Edmonton and Calgary.

Q. When you say three in Toronto, you mean that these three are the main store at Queen and Yonge street, the Annex store across the road from the main store at Albert and James, and the College street store at Collge and Yonge?—A. Yes.

Q. Those are the large department stores. What is the next?—A. There are five mail order distributing sections located at Moncton, Toronto, Winnipeg, Regina and Edmonton. Of those, the Toronto and Winnipeg units are much the largest. There are 32 small department stores selling general merchandise.

Q. Department stores in 32 cities proportionate to the size of the place, I presume?—A. Presumably so, yes.

By Mr. Factor:

Q. Which includes Canadian Department Stores?—A. Yes.

By Mr. Sommerville:

Q. That is Canadian Department Stores Limited and Teco Stores?—A. Yes.

Q. There are 32 of them. Where are they located?—A. 4 in Nova Scotia, one in New Brunswick, one in Quebec, 22 in Ontario, one in Manitoba and 3 in Alberta. There are 57 groceterias, not including 15 located in other stores.

Q. That is to say, there are 72 groceterias altogether?—A. Yes. 57 in separate stores.

Q. But 57 of them are in separate stores?—A. Yes. Two in Prince Edward Island; 15 in Nova Scotia; 7 in New Brunswick; 2 in Quebec; 25 in Ontario; 3 in Manitoba and 3 in Saskatchewan. There are 3 creameries, 2 in Manitoba and 1 in Saskatchewan. There are 40 separate mail order offices, not including 72 located in other stores and groceterias.

Q. That is 112 mail order offices altogether?—A. Yes.

Q. But 72 of those are located in other stores and groceterias throughout the country and 40 are not?—A. 72 are located in other stores or groceterias.

Q. And 40 are not?—A. 40 are in separate places.

Q. 40 are located in separate places?—A. Yes.

Q. And those are in the small places that will not support a groceteria or departmental store?—A. They are nearly all located in Ontario, 39 in Ontario and one in Quebec. There are 7 factories, one in Saint John, one in Montreal. They have two in Toronto, but you could call them one really. They have one in Guelph, one in Hamilton and one in Winnipeg. They have 4 warehouses and 9 buying offices, as shown on Statement A-3. That is a total of 170 different places of business.

Q. 170 places of business exclusive— —A. Well, if there is doubling up in any place, it is not included.

Q. That does not include any doubling up on any of these offices?—A. No.

Q. These are 170 separate places of business?—A. Yes. The organization has branches in every province of the Dominion of Canada except British Columbia where mail order business only is solicited from other branches.

By Mr. Factor:

Q. Are there mail order offices in British Columbia?—A. No.

Q. No units at all there?—A. No.

Q. What do you mean by “solicited by from other branches”?—A. I mean they issue the catalogue to residents of British Columbia.

By Mr. Sommerville:

Q. From Calgary or Winnipeg?—A. Yes, Regina or Winnipeg. We analyzed the volume of business being done by each of these different units in order that the committee might have an idea of the relative importance of each unit as far as size is concerned.

Volume of business: An indication of the size of the organization is obtained from Statement A-4 which was printed, I believe, which shows the total sales of the company and its subsidiaries for the years 1924 to 1933 inclusive. The sales in 1929 amounted to \$225,361,000 and in 1933 to \$132,500,000.

Q. That is, the sales of the total organization dropped from \$225,361,000 in 1929 to \$132,500,000 in 1933?—A. Yes. The relative importance of different units of the organization may be obtained from the following analysis of the sales for 1933:—

	Sales	Percentage of the Total
	\$	%
Toronto Store, including Drugs and House Furnishings.....	34,713,000	26.2
Winnipeg Store.....	18,341,000	13.8
Montreal Store.....	14,802 000	11.2
Hamilton, Regina, Saskatoon, Calgary, Edmonton, Moose Jaw, Moncton and Halifax Stores.....	15,326,000	11.6
Total—Main Stores.....	83,182,000	62.8
Mail Order Departments.....	35,515,000	26.8
Chain Stores—		
Groceterias.....\$ 4,170,000		
Teco Stores.....2,491,000		
Canadian Department Stores.....6,110,000		
Canadian Stores.....1,032,000		
	13,803,000	10.4
	132,500 000	100.0

Q. The large department stores 62 per cent?—A. Yes.

Q. And mail order departments, etc., 26 per cent?—A. Yes.

Q. Making 89 per cent?—A. Yes.

Q. And the chain stores, groceterias and Canadian department stores make up the other 10·4 per cent?—A. Yes, sir.

The largest collective unit consists of the three Toronto stores which, with the Drugs and House Furnishings combined, had sales of \$34,713,000 in 1933. The next largest unit is the Winnipeg store. a comparison of the sales in 1929 and 1933 in the Toronto stores and Toronto Mail Order section with those of the Winnipeg store and the Winnipeg mail order, is as follows:—

	1929	1933
Combined sales of the Toronto stores (including drugs and house furnishings) and Toronto mail order.. . . .	\$75,209,000	\$46,135,000
Combined sales of the Winnipeg store and Winnipeg mail order.. . . .	62,601,000	35,479,000

By Mr. Factor:

Q. Does that include the mail order?—A. Yes, that is the Toronto business.

Q. I notice in Statement A-4, the total volume of the Toronto store \$74,137,000, does that mean that the Toronto mail order only did something over \$1,000,000?—A. In 1929 the mail order and store combined in Statement A-4, and the difference between \$74,000,000 odd and this figure of \$75,000,000 odd are the sales of the drug and house furnishings departments.

The approximate number of customers served in the Toronto stores from 1924 to 1933 was as follows:—

1924.. . . .	41,400,000
1925.. . . .	41,800,000
1926.. . . .	42,400,000
1927.. . . .	42,900,000
1928 (54 weeks).. . . .	45,100,000
1929.. . . .	43,800,000
1930.. . . .	44,000,000
1931 (50 weeks).. . . .	43,200,000
1932.. . . .	41,400,000
1933.. . . .	38,100,000

By Mr. Sommerville:

Q. That made the average in the Toronto stores?—A. Somewhere over 40,000,000.

Q. I mean the average number of customers served per day?—A. I have got that in a later section.

Mr. HEAPS: These are customers served?

The CHAIRMAN: Sales slips.

The WITNESS: Sales slips, not customers served; number of transactions.

Mr. HEAPS: In connection with the Simpson Company we had the actual sales made.

The CHAIRMAN: The same thing—sales slips, transactions.

By Mr. Sommerville:

Q. At that point, have you the average transaction there?—A. In the next section, Section I-3, which you have not got there; that is outlined. Would you like it now?

Q. Just when you have the total number of transactions, a mere statement of the average, approximately?—A. If you consider that there are 300 business days in a year, the average number of transactions per day in the Toronto stores were 138,000 in 1924; increased to 150,000 in 1928; and fell to 127,000 in 1933.

Q. 172,000 transactions per day, and do you recall the average transaction?—A. The average transaction of the Toronto store was \$1.18 in 1924; increased to \$1.35 in 1929; and fell to 91 cents in 1933.

The CHAIRMAN: All right, go on with page 4-G, Mr. Gordon.

The WITNESS: The sales of the whole organization (excluding sales from the company's factories to the stores, and not including finance charges, etc.) in 1929 and 1933 classified into broad geographical divisions are approximately as follows:—

	1929	1933
Toronto and Ontario..	\$ 93,190,000	\$ 58,108,000
Winnipeg and Western Canada..	82,137,000	48,522,000
Montreal and Province of Quebec..	31,287,000	15,197,000
Maritimes..	18,747,000	10,673,000
	<u>\$225,361,000</u>	<u>\$132,500,000</u>

The sales of the factories, practically all of which were purchased by the company's merchandising units were:—

1929..	\$22,503,000
1933..	12,896,000

Departmentalization

The organization is very highly departmentalized. There are approximately 180 different merchandising departments in the three Toronto stores and approximately forty departments in the Toronto mail order section.

By Mr. Sommerville:

Q. Merchandising departments?—A. Selling departments. In addition there are approximately 117 service departments in the Toronto section. These include, for example the City Advertising department, the Telephone department, the General Office, Treasury department, Caretaking department, etc. (For fuller details see Statement A-5.)

That means you have 297 service departments in the Toronto section plus 40 in the Toronto mail order section?—A. 220 selling departments and 117 service departments. The details of the service department are shown on statement A-5, which was not printed.

Statement A-6 shows:—

1924..	25,467
1925..	29,825
1926..	32,384
1927..	35,495
1928..	41,597
1929..	43,949
1930..	42,314
1931..	39,065
1932..	35,804
1933..	36,766

By the Chairman:

Q. That includes permanent employees and special help during Christmas week?—A. Yes.

Q. This is altogether for the year?—A. Yes.

Q. In each year?—A. Yes. Statement A-6 shows the number of employees on the pay-rolls throughout the whole organization during Christmas week (the company's busiest season) according to the company's records; the figures I have just given above.

The company's officials estimate that the average number of employees for any year would be approximately 70 per cent of the Christmas week figures. They also estimate that approximately 10 per cent of the number of names on the average pay-rolls for the year would not be receiving pay on account of holidays, factory piece workers taking time off, etc.

An analysis of the total number of names on the pay-rolls at 1st January, 1934, is as follows:—

Ontario.. . . .	12,670
Western Branches.. . . .	6,920
Montreal.. . . .	3,432
Maritimes.. . . .	1,286
Canadian Department Stores.. . . .	924
Eaton Knitting Co., Hamilton.. . . .	941
T. Eaton Drug Company.. . . .	101
T. Eaton House Furnishings Co.. . . .	251
Guelph Stove Co.. . . .	240
Total.. . . .	26,765

These are classified according to occupations as:—

Factory workers.. . . .	6,208
Selling.. . . .	11,561
General.. . . .	4,220
Clerical.. . . .	3,856
Executive.. . . .	920
Total.. . . .	26,765

Q. What comes under the heading of "General" in the classification of employees?—A. That might be the porters and the caretakers, anybody who did not automatically fall under one of the other sections.

The approximate average number of employees from 1924 to 1933 inclusive and total amount of the pay-rolls for these years (including directors' and officials' salaries and bonuses) were as follows, according to the company's records:—

	Number of employees	Total amount of payrolls
1924.. . . .	17,827	\$25,416,000
1925.. . . .	20,877	27,997,000
1926.. . . .	22,669	30,415,000
1927.. . . .	24,846	32,888,000
1928.. . . .	29,118	39,129,000
1929.. . . .	30,764	41,198,000
1930.. . . .	29,620	38,384,000
1931.. . . .	27,345	32,674,000
1932.. . . .	25,063	28,401,000
1933.. . . .	25,736	24,945,000

By Mr. Factor:

Q. You say that item included directors' salaries and bonuses?—A. Yes. The highest year was in 1929 when the average number of employees was 30,764 and the pay-roll was \$41,198,000.

By Mr. Kennedy (Winnipeg):

Q. That table you have just referred to reveals this, that in 1924 there were 17,827 employees getting a total amount of pay of \$25,416,000?—A. Yes.

Q. And in 1933 the number of employees increased from 17,827 to 25,736 and their pay-roll is \$24,945,000; in other words, 25,736 people in 1933 were being paid less wages than 17,827 in 1924, is that correct?—A. Yes, sir.

By Mr. Sommerville:

Q. An addition of about 7,900 employees?—A. Of course, this includes all the executive salaries.

Q. But there were 7,900 more employees and the wage schedule is \$500,000 less?—A. Yes.

Q. Than in 1924?—A. Yes.

By Mr. Heaps:

Q. Are we getting a detailed summary of these wages later on?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. Could you make a rough mental calculation as to the percentage of decrease there is there in these wages of 1933 as compared with 1924.

Mr. FACTOR: That, of course, would depend upon the time these employees worked. In 1924 they probably worked a full week and in 1933 half a week.

The WITNESS: It just gives you a general indication that the number of employees has increased and the total wages has decreased.

By Mr. Heaps:

Q. Perhaps it would be fair if he gave us a brief indication as to when this reduction took place?—A. These figures are submitted here more to give an indication of the size of the organization and to follow with details.

Mr. SOMMERVILLE: The question of the decrease and how that took place will be dealt with in a whole wage scale memorandum that is being submitted.

Mr. HEAPS: I believe in order to get a true picture, and give it at least its true interpretation, one should have followed the other.

Mr. SOMMERVILLE: The plan that is being adopted to present the plan to the committee is the presentation of the organization, its size, its volume, and then breaking that down into departmental results, how those mark-ups have affected the situation, wages and how they have been affected by the situation, and in that connection there will be a full statement together with the wage scales in the various plants.

The WITNESS: *Growth of the business.*—Statement D-1 is a chronological history of the growth of the T. Eaton organization. Would you like me to read that?

By Mr. Sommerville:

Q. Is that printed?—A. That is printed.

Q. I think you had better. There are some important phases of that.

The CHAIRMAN: You had better read that, I imagine.

The WITNESS: The business was started by the late Timothy Eaton in 1869 and was carried on as a private unincorporated enterprise until 8th July, 1889, when the T. Eaton Co. was incorporated. The expansion of the company's business from 1869 to 1933 is shown in chronological order in Statement B-1. This statement indicates the years in which additions were made to the company's properties, new units were acquired or the activities of the business were enlarged.

THE T. EATON CO. LIMITED

(And Its Affiliated Companies)

STATEMENT INDICATING THE EXPANSION OF THE COMPANY'S BUSINESS, 1869 TO 1933

- 1869 Business commenced by the late Timothy Eaton in a small store at southwest corner of Yonge and Queen Streets, Toronto.
- 1876 Addition made to building and lines of merchandise increased.
- 1883 Removal to larger store at 190 Yonge Street, Toronto, which is still part of the site of the present store.
- 1884 First Mail Order Catalogue distributed.
- 1889 Addition made on James Street, Toronto.
- 1890 First Eaton Factory opened, Toronto.
- 1891 The business was incorporated as a limited company on 8th July, 1891.
- 1893 Additions made to store on Albert Street, Toronto; Buying office opened in London, England.
- 1898 Buying Office opened in Paris, France.
- 1903 Mail Order Department transferred to a separate building.
- 1905 Winnipeg Store and Mail Order House opened.
- 1907 Toronto Store enlarged.
- 1909 Montreal Factory opened.

- 1911 Buying offices opened in Manchester and New York.
- 1912 "Annex" Store, Toronto, constructed.
- 1913 Buying offices opened in Belfast, Berlin, Leicester and Zurich.
- 1915 Hamilton Knitting Factory acquired.
- 1916 Distributing Warehouse built in Saskatoon, Saskatchewan; Creamery opened in Rapid City, Manitoba.
- 1918 Distributing Warehouse built in Regina; Creamery opened in Melita, Manitoba.
- 1919 Mail Order Branch opened in Moncton, N.B. Guelph Stove Company purchased.
- 1920 Winnipeg Factory started.
- 1924 Extensive additions made to Toronto Store.
- 1925 Montreal Store acquired.
- 1926 Business commenced in Regina—Store and Creamery.
- 1927 Hamilton Store opened and extensive additions made in the following year.
- 1927 Saint John, N.B. Factory started; Moncton Retail Store opened; Saskatoon Store opened; Chain Groceries started; Mail Order Offices opened throughout the Country.
- 1928 Purchased properties of Canadian Department Stores—these consisted of 22 stores throughout Ontario; Moosejaw Store opened; Distributing Warehouse built in Edmonton; Halifax Store opened; Teco Stores started; construction of College Street Store, Toronto, commenced.
- 1929 New Store erected in Saskatoon; Store in Calgary opened; Store in Edmonton opened.
- 1930 College Street Store, Toronto, opened.

In 1898 a buying office opened in Paris, France; in 1903 the mail order department was transferred to a separate building; in 1905 the Winnipeg store and mail order house opened.

Q. That was the company's first departure from Toronto?—A. Yes. In 1907 the Toronto store was enlarged; in 1909 the Montreal factory was opened.

Q. There was no store opened in Montreal at that time?—A. Just the factory. In 1911 buying offices were opened in Manchester and New York; in 1912 the "annex" store in Toronto was constructed; in 1913 buying offices were opened in Belfast, Berlin, Leicester and Zurich; in 1915 the Hamilton knitting factory was acquired; in 1916 distributing warehouses were built in Saskatoon, Saskatchewan, and a creamery opened in Rapid City, Manitoba. In 1918 a distributing warehouse was built in Regina and a creamery opened at Melita, Manitoba. In 1919 a mail order branch opened in Moncton, N.B., and the Guelph Stove Company was purchased. In 1920 the Winnipeg factory was started. In 1924 extensive additions were made to the Toronto store. In 1925 the Montreal store was acquired. In 1926 business was commenced in Regina with a store and creamery. In 1927 the St. John, N.B., factory started; the Moncton Retail Store opened; the Saskatoon store opened; the Chain Groceries started, mail order offices opened throughout the country.

Q. At Montreal, Regina and Hamilton?—A. Yes.

Q. With these order offices?—A. Yes. In 1928 the T. Eaton Company purchased properties of the Canadian Department Stores; these consisted of 22 stores throughout Ontario; the Moose Jaw store opened; distributing warehouse was built in Edmonton; the Halifax store was opened; Teco store started; construction of the College Street store, Toronto, was commenced. In 1929 the new store was erected in Saskatoon and they opened a store in Calgary and a store in Edmonton.

Q. In 1929 they opened stores at Saskatoon, Calgary and Edmonton, a new store being built in Saskatoon?—A. And they purchased stores in Calgary—

Q. And they acquired stores in Calgary and Edmonton that year?—A. Yes. And in 1930 the College Street store in Toronto was opened. It is not completed, but it is in operation.

Q. That is, the complete plans have not been gone on with but the unit that was erected at that time was opened. It will be seen that a very considerable expansion took place in 1927 and 1928. In these years the Groceries, Teco and Canadian Department Store Chains were started, mail order offices were opened throughout the country, four large stores were opened and construction of the College Street Store, Toronto, was commenced. Since 1929 the policy has been to somewhat contract the Company's activities and some of the Canadian Department Stores and Groceries have been closed.

By Mr. Factor:

Q. The Canadian Department Stores were acquired?—A. Yes, from the Trustee of the Liquidators.

By Mr. Sommerville:

Q. They were in liquidation and were bought as a unit altogether?—A. Yes.

No records are now available to show the results of operations or the particulars of the assets and liabilities prior to the date of incorporation in 1891.

Statement B-2 shown in comparative form the assets and liabilities of the business at the time it was incorporated as a limited company, 8th July, 1891, together with the assets and liabilities shown in the Company's balance sheets at 30th January, 1901, 25th January, 1911, 26th January, 1921, 29th January, 1931, and 11th January, 1934. In recent years part of the Company's business has been conducted through wholly owned subsidiary Companies; the assets and liabilities of the important subsidiaries are consolidated with those of The T. Eaton Co. Limited in the balance sheets at 29th January, 1931, and 11th January, 1934.

STATEMENT No. B-2

THE T. EATON CO. LIMITED

COMPARATIVE BALANCE SHEETS

(in thousands of dollars)

(The assets and liabilities of certain Subsidiary Companies are consolidated with those of the T. Eaton Co. Limited at 29th January, 1931, and at 11th January, 1934)

	As at July 8, 1891	As at Jan. 30, 1901	As at Jan. 25, 1911	As at Jan. 26, 1921	As at Jan. 29, 1931	As at Jan. 11, 1934
ASSETS	\$	\$	\$	\$	\$	\$
Cash on hand and in banks.....	4	508	1,528	253	514	866
Investments.....				2,292	13,882	14,213
Accounts Receivable—						
Customers, etc.....	8	77	1,316	736	5,666	3,363
Mortgages.....				188		
Merchandise Inventories less Reserves..	441	756	3,858	14,238	18,545	15,817
Stocks—Maintenance and Operating.....				567	317	181
Land, Buildings and Equipment less Depreciation.....	431	621	3,725	15,295	66,679	63,330
Investment in and advances to Subsidi- aries.....					1,345	1,570
Expenditure on account of future business	1		285	515	797	695
	885	1,962	10,712	34,084	107,745	100,035
LIABILITIES						
Accounts Payable—						
Trading and General.....	236	45	2,561	3,739	6,822	7,217
Banks.....	45	279		7,317	7,632	1,667
Customers' D.A.....				1,693	5,173	4,408
Employee's Accounts.....	8	168		5,851	5,786	4,199
Provision for Taxes.....				513	547	162
Mortgages—secured.....	98		489	1,032	5,185	4,713
Bonds and Debentures.....			400	900	19,715	18,911
Employees' Retirement and Benefit Fund.....	1				3,000	3,250
Preferred Stock of the T. Eaton Realty Co. Limited not owned by the T. Eaton Co. Limited.....					12,000	12,000
Capital.....	249	482	1,000	1,000	1,006	1,006
Reserves.....		544	5,686	10,528	34,394	35,394
Surplus.....	248	444	576	1,511	6,485	7,108
	885	1,962	10,712	34,084	107,745	100,035

Now, this statement B-2 shows that the book value of the assets increased from \$885,000 as at the 8th July, 1891, to \$107,745,000 in January of 1931; showing a slight decrease since then to \$100,035,000.

Q. A growth of from something less than one million in 1891, to over a hundred millions in 1931; in a forty-year period?—A. Yes.

Q. And there has been a slight decrease since 1931, and there are now shown as consolidated assets a sum of \$100,035,000?—A. Yes.

By the Chairman:

Q. Might I just at that point ask one question, which probably would be disclosed later: during that whole period is there any indication of the total amount of new "outside" capital brought into the business?—A. The actual capital stock increased from \$248,500 to \$1,000,000; that was between 1891 and 1911. In addition there were \$12,000,000 of bonds sold by the realty company to the public and secured by the fixed assets of the organization.

By Mr. Sommerville:

Q. In the year?—A. 1929.

Q. And of that \$12,000,000, \$2,000,000 was purchased by the organization itself, so that only \$10,000,000 of outside money came in?—A. You mean, into the hands of the public.

Q. You see, the chairman's question was as to whether or not there had been new outside capital brought into the company. You have mentioned \$12,000,000 of bonds. You then mentioned that the share capital had increased from \$249,000 to one million. Can you tell whether that capital increase was due to stock dividends being given, or whether it was a question of new capital coming in, or whether as a matter of fact this capital, except for the bonds, was a question of ploughing back into the business or leaving in the business accumulating profits?—A. I did not go into that, Mr. Sommerville; it occurred prior to 1911, there would be no change in the capital since—prior to 1911.

By the Chairman:

Q. Except for the bond issue?

Mr. SOMMERVILLE: Which we will deal with later.

The WITNESS: Yes. Except the bond issue and certain debentures sold employees of the company.

By Mr. Factor:

Q. Excepting for the bonds, in the 41 years from 1891 to 1911 there was approximately \$751,000 of new capital entered into the company?—A. Yes, that was all; because the bonds were not issued during that period.

Q. And no new capital since 1911 with the exception of the bond?—A. That is right.

By Mr. Young:

Q. The liabilities of 1934 seem to be very considerable, do they not?—A. They are not considerable, compared to the assets.

Q. I mean, the \$100,000,000 assets is not all assets, it is offset by a very considerable amount of liabilities?—A. Yes, there are liabilities to offset that.

The CHAIRMAN: Well, you have a reserve of \$35,000,000, and a surplus of \$7,000,000; that accounts for \$42,000,000. There there is a million capital makes \$43,000,000.

The WITNESS: The details of that will be discussed later on.

By Mr. Factor:

Q. The only thing I wanted to make clear was, from this paragraph in the narrative here I would conclude that each organization has only received since 1891 \$751,000 of new capital?—A. Yes, with the exception of the bonds, and the debentures issued to the employees.

Mr. SOMMERVILLE: There were debentures that have been issued to the employees that will subsequently appear in the liabilities.

The CHAIRMAN: Of which two million were bought by the company.

Mr. SOMMERVILLE: No, that is the bonds.

The CHAIRMAN: Yes, that is included in the \$19,000,000. All right, Mr. Gordon.

Statement B-2 shows that the book value of the assets increased from \$885,000 in 1891 to \$107,745,000 in 1931, but have since decreased to \$100,035,000. The share capital increased from \$249,000 in 1891, to \$1,000,000 by 1911 and has remained at that figure. The book value of the net worth of the business was approximately \$497,000 in 1891. According to the Company's records this increased to approximately \$56,137,000 in January, 1931 (see Statement C-3), but decreased to \$48,066,000 at 11th January, 1934 (see Statement C-3.) The Company's officials state that no outside capital has ever been obtained, with the exception of \$12,000,000 5 per cent bonds of The T. Eaton Realty Co. Limited issued in April 1929, and certain bonds and debentures issued to employees of the Company.

Mr. SOMMERVILLE: Yes.

The WITNESS: Since decreased to \$48,066 in 1934.

By Mr. Sommerville:

Q. Eliminating the liabilities your surplus of 1891 of less than about half a million dollars, has grown to a surplus of \$48,000,000 in 1934?—A. That is right; net.

Q. That is the book value?—A. The book value of surplus capital and reserves.

Q. And it had reached a peak of?

The CHAIRMAN: \$57,500,000 in 1929?

The WITNESS: That is right, sir.

By Mr. Young:

Q. Does that mean the company has lost that much?—A. No, it does not mean that. We can discuss that when we are dealing with the statement; it will be easier. The company's officials state that no outside capital has ever been obtained, with the exception of 12,000,000 5 per cent bonds of the T. Eaton Realty Company Limited, issued in April, 1929, and certain bonds and debentures issued to employees of the company. Statement B-3 shows the sales, not including inter-departmental transfers, or factory output, from 1907 to 1933 inclusive. These increased from \$22,428,000 in 1908 to \$225,053,000 in 1929, but have since declined to \$132,500,000 in the year 1933.

THE T. EATON CO. LIMITED AND ITS SUBSIDIARIES

COMPARATIVE STATEMENT OF SALES

(Not including Inter-departmental Transfers or Factory Output)

1907 to 1933

Prepared from the Company's Records

(in Thousands of Dollars)

1907.....	\$ 22,428
1908.....	25,494
1909.....	32,790
1910.....	39,692
1911.....	45,613
1912.....	52,756
1913.....	56,066
1914.....	53,367
1915.....	59,181
1916.....	76,736
1917.....	92,480
1918.....	101,175
1919.....	123,590
1920.....	141,320
1921.....	125,058
1922.....	124,952
1923.....	132,707
1924.....	138,694
1925.....	160,298
1926.....	168,960
1927.....	180,030
1928.....	211,475
1929.....	225,053
1930.....	205,149
1931.....	171,984
1932.....	142,415
1933.....	132,500

By Mr. Sommerville:

Q. In 1925 your sales were shown as being \$160,298,000?—A. Yes, sir.

Q. At that time the land, buildings and equipment less depreciation, was \$12,500,000?—A. Yes.

Q. And for 1933, the sales were \$132,500,000, and the lands, buildings and equipment, less depreciation, were \$63,330,000?—A. That is correct.

Q. In other words, the land, buildings and equipment had increased from \$12,500,000 to \$63,330,000, or approximately \$51,000,000?—A. The book value had.

Q. The book value; and on that the sales were somewhat less than in 1925 when the—?—A. Of course, the increase took place—

Q. An increase had come about in the meantime?—A. An increase in the company's assets; they increased as the sales increased up to the peak?

Q. Yes, but the net result is they are doing business to-day with \$50,000,000 worth more buildings, and land, than they had in 1926?—A. Yes.

Q. And the amount of business was less?—A. Yes.

Mr. FACTOR: Has that statement any significance, Mr. Sommerville? Is there any relation one to the other?

Mr. SOMMERVILLE: I rather think so.

The CHAIRMAN: It will be tremendously important, in my opinion, as we get to the question of the cost of doing business.

Mr. ILSLEY: It shows the immobility of fixed charges.

The CHAIRMAN: And whether or not this particular form of business is as economic as some seem to think it is. As far as I am concerned, it is an open question at the moment; but I think as we go along, this information should be given.

Mr. HEAPS: Do not these figures signify what practically everybody was doing at that time, expanding until 1929 and 1930, and then decreasing sales leave them in exactly the same relative position.

Mr. SOMMERVILLE: It may give an answer to Mr. Young's question as to the break down of the mark-up.

Mr. ILSLEY: That is an historic phrase.

The CHAIRMAN: Proceed with your brief.

The WITNESS: Complete statistics are not available respecting the number of sales transactions or customers served or the number of men and women employed by the company in the earlier years of its history, but both have undoubtedly increased very substantially since 1891. That might be considered in considering the growth of the business. A comparison indicating—I do not know if these next figures are important or not—would you like to have them read?

The CHAIRMAN: Yes, I think so.

The WITNESS: A comparison indicating the increase in the capital, surplus and free reserves shown in the balance sheets at 8th July, 1891, and at ten year intervals thereafter and the approximate volume of sales for the same years is as follows: (in thousands of dollars):—

	Capital, surplus and reserves	Sales	Percentage of capital, surplus and reserves to sales
1891..	\$ 497	\$ 1,600	31.1
1901..	1,470	6,732	21.8
1911..	7,262	45,613	15.9
1921..	13,039	125,058	10.4
1931..	41,885	171,984	24.3
1934..	43,508	132,500	32.8

Mr. FACTOR: Have you the figure for the book year 1929, the percentage of the capital, surplus and reserves?

The WITNESS: I have not the percentages, no sir. I can get it for you, if you like.

The CHAIRMAN: We will ascertain that from the analysis of those statements; it is fully set forth here.

The WITNESS: That is the end of that narrative.

The CHAIRMAN: I understand the next narrative has not been printed.

The WITNESS: Yes, the narrative has been printed, and will be issued in a moment.

The CHAIRMAN: We might as well issue it now.

The WITNESS: All statements have not been printed.

THE T. EATON CO. LIMITED AND ITS SUBSIDIARIES

The T. Eaton Co. Limited of Montreal, The T. Eaton Co. (Maritimes) Limited, The T. Eaton Drug Co. Limited, The T. Eaton Realty Co. Limited, Canadian Department Stores Limited, The T. Eaton Housefurnishings Co. Limited, Canadian Stores Limited, Guelph Stove Company Limited, Purchasers Finance Co. Limited, Business Properties Limited, Rideau Stores Limited.

COMPARATIVE CONSOLIDATED BALANCE SHEETS

(Prepared from the Company's Records—in thousands of dollars)

	As at 22nd January, 1925	As at 21st January, 1926	As at 20th January, 1927	As at 19th January, 1928	As at 31st January, 1929	As at 30th January, 1930	As at 29th January, 1931	As at 14th January, 1932	As at 12th January, 1933	As at 11th January, 1934
—	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Cash on Hand and in Banks.....	683	440	321	360	569	573	514	466	669	866
Investments.....	16,619	15,879	17,643	17,816	14,065	16,063	13,882	15,124	13,988	14,213
Accounts Receivable—										
Customers, etc.....	841	2,024	1,983	2,723	3,774	5,223	5,666	4,595	3,430	3,363
Mortgages.....	319	124	58	87	67	89	.....	.....	.....	.....
Merchandise Inventories less Reserves.....	9,385	11,425	12,157	13,507	20,074	20,242	18,545	15,804	15,442	15,817
Stocks—Maintenance and Operating.....	170	262	215	225	313	320	317	265	209	181
Lands, Buildings and Equipment less Depreciation.....	28,017	30,154	32,377	34,718	38,862	42,510	38,924	36,254	33,438	34,440
Investment in and Advances to Subsidiaries.....	12,498	16,987	24,861	27,658	35,988	59,411	66,679	66,727	65,266	63,330
Expenditures on account of future business.....	.....	28	113	132	1,065	1,493	1,345	1,408	1,359	1,570
	184	284	235	321	486	757	797	868	757	695
	40,699	47,453	57,586	62,829	76,401	104,171	107,745	105,257	100,820	100,035
LIABILITIES										
Accounts Payable—										
Trading and General.....	3,814	4,359	7,378	6,682	8,125	7,912	6,822	7,125	6,769	7,217
Banks.....	523	1,393	1,694	1,190	7,896	6,885	7,632	6,053	2,523	1,667
Customers' D.A.....	2,979	3,599	4,234	5,012	5,923	4,928	5,173	5,081	4,696	4,408
Employees' Accounts.....	9,121	10,027	5,914	6,055	6,859	6,720	5,786	4,686	4,501	4,199
Provision for Taxes.....	820	941	971	1,135	1,231	763	547	388	163	162
Mortgages—Secured.....	17,257	20,319	20,191	20,074	30,034	27,208	25,960	23,333	18,652	17,653
Bonds and Debentures.....	.....	1,720	3,676	3,443	3,418	3,256	5,185	5,023	4,867	4,713
Employees' Retirement and Benefit Fund.....	900	900	5,748	6,485	7,125	19,231	19,715	19,361	19,325	18,911
	1,309	1,975	2,150	2,150	2,500	2,500	3,000	3,000	3,250	3,250
	19,466	24,914	31,765	32,152	43,077	52,195	53,860	50,717	46,094	44,527

[illegible]

SPECIAL COMMITTEE

Memorandum in connection with the comparative consolidated balance sheets and memorandum in connection with consolidated statement of Profit and Loss, printed as an appendix to this day's record.

Statement C-1 which was prepared from the company's records, shows the consolidated balance sheets of the T. Eaton Company, Limited, and eleven of its subsidiary companies for ten years from January 22, 1925, to January 11, 1934. The actual end of the fiscal year varies—different dates in January. Only two of the eleven subsidiaries were in existence at 22nd January, 1925, the others having been incorporated subsequent to that date. The companies and the dates on which they were included in the consolidation are as follows:—
Do you want me to read them?

Mr. SOMMERVILLE: They will be included in the record.

The T. Eaton Co. Limited.. . . . 22nd January, 1925

The T. Eaton Drug Co. Limited.. . . . 22nd January, 1925

The Guelph Stove Co. Limited.. . . . 22nd January, 1925

The T. Eaton Co. Limited of Montreal.. 21st January, 1926

The Purchaser's Finance Co. Limited.. . . 20th January, 1927

Business Properties Limited.. . . . 20th January, 1927

Rideau Stores Limited.. . . . 19th January, 1928

(This Company discontinued operations
the following year)

The T. Eaton Co. (Maritimes) Limited.. 31st January, 1929

The Canadian Department Stores Limited.. 31st January, 1929

The T. Eaton Realty Co. Limited.. . . . 30th January, 1930

The Canadian Stores Limited.. . . . 14th January, 1932

The T. Eaton House Furnishing Co.

Limited.. . . . 12th January, 1933

The WITNESS: The assets and liabilities of seven small subsidiary companies are not included in the consolidation, the investment in them being shown as "Investments in Advancements to the Subsidiaries." You will find that on statement C-1. These companies are as follows:—

The T. Eaton Life Assurance Company

The T. Eaton General Insurance Company

The T. Eaton Company of France

The T. Eaton Co. M.b.H.

Two comparatively small Real Estate Companies

The Eaton Delivery Co. Limited

The statement indicates that the book value of total assets increased from \$40,699,000 at 22nd January, 1925 to \$107,745,000 at 29th January, 1931 but subsequently decreased to \$100,035,000 at 11th January, 1934.

By Mr. Sommerville:

Q. The big growth was in the five year period from 22nd January, 1925, to 29th January, 1931, when the book value increased from \$40,699,000 to \$107,745,000?—A. Yes, that is the book value of the total assets.

Q. Yes?—A. They were offset by the liabilities, which were also higher?

Q. Yes. I appreciate that.—A. Included in the assets are certain investments which chiefly consist of government and municipal bonds, and they have not varied greatly over the ten year period.

Q. They amount to the sum of approximately \$14,000,000? Yes. The company's officials state that a large part of these investments are held as security for the employees' and customers' deposit accounts, although they are not definitely ear-marked as being held for this purpose. Accounts receivable: accounts receivable include chiefly the trade of the merchandising companies and the outstanding deferred payment accounts on the books of The Purchaser's Finance Company, Limited.

Q. Accounts receivable?—A. They amounted to \$3,363,000 in January, 1934.

Q. In this case there is a substantial cash business carried on by the company?—A. Yes.

Q. They have not as large a proportion of credit business as is carried on by the Simpson company?—A. No.

Q. Their credit business is represented largely by accounts that are on the books of the Purchaser's Finance Company?—A. Yes.

Q. Those represent items of merchandise sold at a higher price for credit than for cash?—A. Yes.

The CHAIRMAN: And secured by lien notes, are they not, in the usual way?

The WITNESS: I do not think so.

The CHAIRMAN: Washing machines, and that sort of thing. If not, what is the object of the finance company?

Mr. SOMMERVILLE: Some portions are probably covered by lien notes: at any rate they are sold under contract.

The WITNESS: We are dealing with the Purchaser's Finance in detail. Merchandise inventories: The inventories increased from \$9,385,000 at 22nd January, 1925, to \$20,242,000 at 30th January, 1930, but they have since decreased to \$15,817,000 at 11th January, 1934.

By Mr. Sommerville:

Q. Have they all been taken on the same basis each year, or is there a different basis for the inventory of 1933?—A. May I read this?

The value of most of the merchandise carried decreases with age and it is the company's practice to price the inventories at less than cost in order to arrive at what is considered to be the real value of the merchandise. In some years additional amounts were written off the estimated real value in the head office records before arriving at the figure at which the inventories were shown in the balance sheet. The difference between the cost of the inventories and the values at which they appear in the balance sheets are shown in statement C-3 as "Special reserves not disclosed in the balance sheets."

By the Chairman:

Q. Now, let me understand that, because it is rather important. When they take into their inventory merchandise at less than its book value it is disclosed in the records in the form of depreciated reserve, is it?—A. In valuing the inventory at the end of an accounting period, as far as the departmental accounting is concerned, they are valued at something less than cost which is averaged around 75 to 77 per cent of the cost according to the bookkeeping records, which includes certain overhead charges and so on; but in transferring that figure to the balance sheet in the head office books they write off an additional amount which is not disclosed in the ordinary balance sheet and they keep a record of the amount and it is shown in statement C-3 the difference between the cost of the merchandise and the balance sheet figure.

By Mr. Sommerville:

Q. The inventory as shown in this balance sheet is based on 75 per cent of the cost?—A. Less varying other percentages.

Q. Amounts which they have written off?—A. Yes.

Q. The amount which is written off does not appear in the balance sheet of the company as a reserve, and you are now showing the difference between the actual value and the value at which it is entered?—A. Yes, the difference between cost and the figure at which it is shown in the balance sheet.

Mr. YOUNG: You would not call that the actual value?

The WITNESS: No.

Mr. HEAPS: What is the purpose of this large writing down?

The WITNESS: There is no purpose; it is simply a matter of the company's own bookkeeping. When their inventories were high they did not want to take in all the profit; they would like to feel there was a reserve against those high inventories.

By Mr. Heaps:

Q. For instance, when the goods were subsequently sold over the counter? —A. They sold on the basis of the inventory price.

Q. The cost price?—A. No. This is merely a head office method of book-keeping which has nothing to do with the inventory department figures.

Mr. YOUNG: Do not the separate departments from time to time mark down the price of the goods they sell?

The WITNESS: Yes.

Mr. YOUNG: And this would be to take care of that?

The WITNESS: This is separate entirely from that. When they write down any stock that is not moving that deduces the cost as far as bookkeeping is concerned. They take the loss and write it down.

Mr. FACTOR: With regard to this special reserve in 1934 of \$1,076,000 that represents the difference between the cost of the inventory—

Mr. SOMMERVILLE: No.

The WITNESS: It is one line lower.

By Mr. Sommerville:

Q. \$3,482,000. Now, what does that \$3,482,000 that you have set up as a special reserve not disclose to the balance sheet? What does that represent?—

A. It represents the difference between the cost of the inventory and the value at which it is shown in the private books of the company and in the balance sheet.

Q. \$3,482,000 plus the \$15,817,000 would indicate the cost of that inventory? —A. Yes.

Mr. ILSLEY: I do not understand about this 75 per cent figure?

The WITNESS: There are two write-downs. I think if you might leave that until we come to deal with the special reserves I can explain it at that time.

Mr. ILSLEY: All right.

The WITNESS: Land, buildings and equipment less depreciation: the book value of the company's land, buildings and equipment less provisions for depreciation has increased very considerably since 22nd January 1925, as is shown on a summary in this memorandum. The net book value at January 1925, as shown in statement C-1, was \$12,498,000; the net book value at January 1934, was \$63,330,000, an increase of \$50,832,000. The depreciation provided for during this period and which is deducted from the amount of the asset on the balance sheet amounted to approximately \$18,500,000.

The CHAIRMAN: Let us pause there for a moment. \$18,500,000 depreciation on buildings. \$50,000,000 represented new, virtually, or added. How much of that was new?

Mr. SOMMERVILLE: A large proportion.

The WITNESS: A substantial proportion.

The CHAIRMAN: Some of them were bought elsewhere than in Toronto.

The WITNESS: It would be included in this figure.

Mr. KENNEDY (*Peace River*): That is from 1925 to 1934.

The WITNESS: January 1925 to 1934.

Mr. FACTOR: That is the total depreciation during the nine years?

The WITNESS: Yes.

Mr. HEAPS: Would that include the reduction in value since then?

The WITNESS: No.

By the Chairman:

Q. What is the basis of that depreciation worked out on?—A. Two and a half per cent of the value of the buildings, and in the earlier years, 10 per cent on the value of the mechanical equipment and fixtures, and so on. That was reduced $6\frac{2}{3}$ per cent in 1931.

Q. But they follow that practice of $2\frac{1}{2}$ per cent on the buildings?—A. Yes, sir. The increase in the book value of the asset account is the total of the increase in the net book value plus the depreciation that is written off and it amounts to \$69,332,000 in that period. Included in this is an increased valuation placed upon certain assets sold to the T. Eaton Realty Company, Limited, which is based upon an appraisal made in the early part of 1929 and amounts to approximately \$16,000,000. That will be dealt with in dealing with the sale to the Realty company of the various fixed assets. The cost of the additions to land, buildings and equipment during the period was approximately \$53,332,000.

By Mr. Sommerville:

Q. The total increase in the \$69,000,000 is made up of two items: one, increase in land, buildings and equipment; two, increased value placed upon the existing buildings by appraisal?—A. That is right—placed upon the existing land and buildings.

By Mr. Factor:

Q. Are all the land and buildings owned by the T. Eaton Company?—A. Not all, no.

Q. You go into that later?—A. Yes. These additions of \$53,000,000—

Mr. NASH: May I make a correction. When we say existing buildings—not those existing in 1925 but those existing in 1925 plus buildings since.

Mr. SOMMERVILLE: The buildings in existence at the time of appraisal in 1929.

Mr. NASH: I do not want to leave it that \$12,000,000 only was written up by \$16,000,000—the whole thing was written up.

The CHAIRMAN: A perfectly proper appraisal, I have no doubt.

The WITNESS: The additions of \$53,000,000 were partly financed by means of a mortgage of \$4,713,000 on the Montreal property that was acquired during this period and by the proceeds from the sale of \$12,000,000, 5 per cent first mortgage bonds issued by the T. Eaton Realty Company, Limited. The balance of some \$36,000,000 was provided from the company's own resources.

By Mr. Sommerville:

Q. Sums which it had available from reserves which were used for these buildings?—A. Yes, from time to time.

Q. Amounting to \$36,000,000?—A. That is right, over a period.

Q. That is the way your increase of \$53,000,000 is made up?—A. Yes.

Q. \$36,000,000 of their assets, \$12,000,000 of bonds and \$4,700,000 of purchase price mortgage?—A. Yes.

Q. And until that bond issue of \$12,000,000 they had financed all their buildings and equipment out of their own reserves, with the exception of this purchase price mortgage on the Montreal plant?—A. That is right. They may have borrowed money temporarily from time to time.

Q. Oh, yes, but I mean permanent financing. Will you continue?—A. The next is investment in the subsidiaries. As was explained, certain subsidiary companies are not consolidated; that is, the assets and liabilities are not consolidated.

Q. You have skipped over mortgage payable?—A. I was explaining one or two of the other assets and liabilities that are not shown in this memorandum. There is an investment in advances to subsidiary companies. These are subsidiaries that are not included in this consolidated figure.

Q. The one that you have mentioned?—A. Yes.

Q. The total amount advanced to them was \$1,570,000?—A. Yes. That is a net figure. There are expenditures on account of future business, that is definite expenses of one kind and another amounting to \$695,000; and the liabilities include the trading and general accounts payable of \$7,217,000, a liability to the banks of \$1,667,000; customers' deposits accounts of \$4,408,000; employee depositors savings account of \$4,199,000, and a provision for taxes of \$162,000. The total current liabilities amount to \$17,653,000 against current assets of \$34,000,000 odd. Of the mortgage payable bonds and debentures, the mortgage payable amounting to \$4,713,000 at 11th January, 1934, is secured by the property in Montreal. The bonds and debentures outstanding include \$12,000,000 5 per cent first mortgage bonds of the T. Eaton Realty Company Limited, \$400,000 10 per cent bonds of the T. Eaton Company Limited issued to certain employees in exchange for shares in the company which were held by them at one time; \$500,000 6 per cent debentures of the T. Eaton Company Limited issued to officials of the company, the senior officials; and \$6,011,000 5 per cent debentures of the T. Eaton Company Limited sold to employees. The company has paid a higher rate of interest on both these classes of debentures than the stipulated percentage. Prior to 1930, interest was paid at the rate of 7 per cent per annum on all debentures; since 1930, the rate was reduced to 6½ per cent.

Q. The total annual liability to the public is somewhat less than \$700,000 a year on all the bonds. When I speak of the public, I mean— —A. The realty bonds.

Q. The realty bonds and the debentures held by the employees?—A. On the realty bonds there would be \$600,000 and on the debentures—

Q. On the \$400,000 of bonds to the employees there would be \$40,000?—A. \$40,000.

Q. And on the \$500,000 debentures there would be \$30,000?—A. And there is \$6,000,000.

Q. Oh, yes, I see. About \$900,000?—A. About \$1,000,000, roughly.

By the Chairman:

Q. With regard to the \$6,000,000 of 5 per cent debentures sold to employees, are they widely held?—A. Yes, any employee can buy them. They are for a limited term; I think 5 years.

By Mr. Heaps:

Q. What denomination are they?—A. I don't know. I have not got the details of the denomination.

By Mr. Young:

Q. Do you say they were issued to buy in stock that the employees held?—A. No, those are the \$400,000 10 per cent bonds of the T. Eaton Company.

Q. What was the idea of that?—A. Was it to not allow their employees to hold shares any longer?—A. It is not a question of allowing them to. They exchanged those bonds, 10 per cent bonds for the shares held at that time—I think it was 1912 or 1913. Since then, the shares have all been held by the family.

By Mr. Sommerville:

Q. It was at the time when the policy was decided upon of acquiring all the outstanding shares of the company?—A. Yes.

Q. And those officials who held these shares were given bonds instead of the shares, 10 per cent bonds?—A. That is right.

Q. That is the situation. With regard to the \$6,000,000 of debentures sold to the employees, are they widely held or are they held by a limited group of what we might call the senior employees of the company, the senior executives? Or are they held by the rank and file of sales clerks, managers of departments or by whom?—A. I could find that out for you. I have not got the details here.

Q. All right, if you will just get a general idea of how widely they are held?—A. The next item on the balance sheet is employees' retirement and benefit fund.

Q. This is a fund that is called the employees' retirement and benefit fund. Is that for all the employees?—A. No, it is for directors.

Q. For directors?—A. Yes.

The CHAIRMAN: What do they call it?

Mr. SOMMERVILLE: Employees' retirement and benefit fund.

The WITNESS: That is the description of the account.

Mr. SOMMERVILLE: But it is limited to a retirement fund for directors.

The CHAIRMAN: That is a funny name. I mean it is extraordinary for a directors' retirement fund to be called an employees' retirement and benefit fund.

By Mr. Heaps:

Q. How many are getting the advantage of this fund at the present time?—A. Twelve.

Q. All previous directors of the company?—A. It includes 7 of the present directors and 5 of the ones who have retired.

Q. Have they got it before they retired?—A. They enter into an agreement to pay so much over a ten-year period on their retirement.

Q. May I ask the amounts they are receiving for retirement allowance?—A. I have not got that.

Q. Have you got the gross amount for the whole twelve?—A. What they do is that they enter into an agreement with a director to pay him so much money a year for 10 years, and they set up the present value of that liability. The present value of the total liability to these directors at January, 1934, was \$3,250,000.

By Mr. Sommerville:

Q. That is the amount of this fund?—A. Yes. Now, each year they add interest to that at 5 per cent in order that it will come up to the actual liability at the time payment is due, and they deduct any payments that have been made in the meantime.

By Mr. Heaps:

Q. Is that \$3,000,000 odd a capital liability?—A. Well, I think it is shown that way, but it is really a direct liability of the company. It is not classed as a current liability because it is not payable until some time in the future.

Q. Is there any other retirement fund besides the one you have just mentioned?—A. They do pay certain of the employees amounts of money on retirement, but there is no regular pension scheme in operation.

By Mr. Kennedy (Winnipeg):

Q. It is a voluntary and casual arrangement?—A. That is right.

By Mr. Sommerville:

Q. Of course, no reserve set up for any such plan. How does this \$3,250,000 work out? The director is paid a pension on retirement?—A. They enter into an agreement with the director, while he is a director of the company and actively engaged in this business, to pay him a stated amount for 10 years on retirement.

Q. After retirement?—A. After retirement.

Q. To take effect from and after the date of his retirement?—A. That is right.

Q. And the present cash value of that stated obligation is treated as a liability, and a reserve is set up to take care of it?—A. That is right.

Q. That is the situation?—A. Yes.

By the Chairman:

Q. Do they make so much apply to each director?

By Mr. Sommerville:

Q. Let me see, is it an amount that is the same for each director or does it vary with different directors?—A. We have not seen the amounts, but we have been informed by the company's officials that it varies with each director.

By Mr. Heaps:

Q. This \$3,250,000 which you have just referred to as the fund, does the company pay interest into that fund each year?—A. If they agree to pay a director \$1,000 a year for ten years the liability at the present time would be set up at the present value of \$10,000 and then they increase that by the interest on it year by year.

By the Chairman:

Q. However, this has nothing to do with the employees at all, it is not a benevolent fund for the employees?—A. No, sir.

By Mr. Sommerville:

Q. For directors only?—A. Yes, for directors only.

Q. Of course, they are employees in that sense.—A. They are not shareholders except to the extent of one qualifying share.

By Mr. Factor:

Q. And there are twelve directors?—A. Twelve.

Q. You mean on the retirement fund?—A. Oh, on the retirement fund there are seven of the present directors and five of the ones who have retired.

By Mr. Sommerville:

Q. Five have retired and are drawing from the fund?—A. Yes. Two of the five who had retired have died and their estates would be drawing from it.

Q. Oh, their estates draw from it as well during that period?—A. It is a definite agreement to pay so much money each year for ten years, and if a man dies his estate has that as one of its assets.

By Mr. Heaps:

Q. What are the salaries, Mr. Gordon, of some of the people—

By Mr. Kennedy (Winnipeg):

Q. Do all the directors participate in this fund?—A. There are only seven of the present twelve participating. At the last meeting of the company certain of the directors retired and some new ones were elected. No agreements have yet been made with five of the present directors.

Q. Well, the matter of participating in this fund is a matter of contract in each particular case between the directors and the company?—A. That is right.

Q. Is it entered into at or about the time they become directors of the company?—A. This plan was commenced in the year 1924; that was when this policy was started. I might read this note: In 1924 it was realized that the directors had ahead of them a limited period with the company, and that on their retirement they had no interests in the company; they did not hold stock or claim on any of the assets of the company and they, therefore, decided to enter into an agreement, that they would have a retiring allowance.

By the Chairman:

Q. I am just making an estimate of it, but that amount of \$3,250,000 would provide a retirement fund of about \$270,000 on an average for each director which would be distributed to him then over a ten-year period following the dates of retirement?—A. Yes, sir.

Q. Which would amount to, commencing about 1927, approximately \$40,000 at first and then it would taper down to about \$27,000 at the last of the ten years?—A. No; we have the \$270,000, that is the present value—the amounts payable would exceed \$27,000.

Q. Would exceed that?—A. Yes.

Q. That is true?—A. Yes.

By Mr. Sommerville:

Q. That is, each payment would exceed that?—A. Yes, each payment would exceed that and the payments are the same each year.

By the Chairman:

Q. They sort of amortize it?—A. Yes, sir.

Q. It would amortize about \$35,000 a year, roughly speaking?—A. Yes.

Q. That is, roughly speaking?—A. Yes, more than the \$27,000.

By Mr. Heaps:

Q. It would be interesting, Mr. Gordon, if you could give us the salaries of the directors who draw on this fund.—A. The question of salaries will be dealt with in a minute or two in connection with the profit and loss.

There is no regular pension scheme in operation except for directors, but the company has voluntarily made retiring allowances to employees as outlined in the memorandum on wages.

Statement C-2 shows the assets and liabilities included in the Consolidated balance sheet at 11th January, 1934, classified by Companies after inter-company adjustments. I do not think that is of interest except as a matter of record.

By Mr. Sommerville:

Q. That is dividing up the assets and liabilities you have already referred to in the profit statement?—A. Yes.

Q. Then Statement C-1 shows your surpluses?—A. In dealing with the capital surplus and reserves I think it might be easier if you will refer to Statement C-3.

Q. Yes.—A. Statement C-3 shows the approximate net worth of the business at book values according to the company's statistical records. The company keep more or less of a memorandum record showing the equity in the business, or the worth of the business year by year, and that includes the capital reserve and surplus amounts which are shown on the balance sheet, and also certain undisclosed reserves such as the reserve against inventories, and so on.

The book value of the net worth is represented by the capital, free reserves and surplus shown in the Consolidated balance sheets and by certain reserves which do not appear therein. The statement indicates that the net worth increased from \$38,419,000 at 22nd January, 1925, to \$57,533,000 at 31st January, 1929. Since that date it has decreased to \$48,066,000 at 11th January, 1934, due to a reduction in the estimated special reserves not disclosed in the balance sheets.

Q. That is the memorandum of the company?—A. Yes.

Q. Showing in their judgment the present net worth?—A. Yes.

Q. And the equity of the company?—A. Yes. Dealing with them in order, first:

Capital

The original capital of the T. Eaton Co. Limited on the date of its incorporation, 8th July, 1891, was \$248,500, the balance in the surplus account at that date also being \$248,500. The capital shown in Statement C-3 represents the present issue capital of the T. Eaton Co. Limited (\$1,000,000) plus some directors' qualifying shares of the subsidiary companies.

In other words, the original capital structure has never been changed since the issue of \$1,000,000 of shares in—?—A. Sometime prior to 1911.

Q. And the company, although it may have had very large surpluses—and undoubtedly did—in the year 1929 did not take advantage of the legislation which permitted of the distribution of those surpluses and reorganize its capital structure at that time?—A. No they did not.

Q. So that the position at present stands that the \$1,000,000 of capital stock is the present capital structure and the surplus is as shown in the statement that you have just submitted?—A. Yes.

Q. Now, dealing with the next item?

A. Reserves

The reserves are shown under the headings in which they appear in the books of the companies; the totals agree with the figures shown in the comparative consolidated balance sheets (statement C-1). These reserves are described in the books as insurance reserve, building and equipment reserve, depreciation reserve, special reserve for promotion of business, etc. The officials of the company have stated, however, that all these items are free reserves and represent part of the shareholders interest in the business.

Q. Free reserves?—A. Yes. The reserves for depreciation. The reserves for depreciation are deducted there from the value of assets in the balance sheet, and then the reserves are of a free nature.

Q. Depreciation reserves then, are not set up on the opposite side of the balance sheet as an item of liability as against the value of the building, but is taken directly from the value of the buildings and the result shown in the balance sheet?—A. Yes.

Q. Therefore, that having been done, these are free reserves?—A. Yes.

Q. These free reserves amount to \$35,394,000, they are as a matter of fact surpluses. It will be noted that the reserves increased from \$18,244,000 at 22nd January, 1925, to \$28,344,000 in January, 1929, and to \$33,394,000 in January, 1930. \$4,000,000 of the increase in the year ended 30th January, 1930, is represented

by a capital surplus arising from the sale of the fixed assets to The T. Eaton Realty Co. Limited. At 11th January, 1934, the reserves appear in the balance sheets of the Companies at \$35,394,000.

By Mr. Factor:

Q. What is that contingent reserve on statement C-3?—A. That is just part of the surplus.

By Mr. Sommerville:

Q. That \$16,000,000 surplus is really available against any contingency?—A. It is the company's policy, instead of leaving everything in the surplus account, to put some money part of the surplus aside as a contingent reserve, or insurance reserve, or so on; take the two together and you get the net worth, or the real surplus.

By Mr. Kennedy (Winnipeg):

Q. They are nevertheless what you call free reserves.

By Mr. Sommerville:

Q. That would be available for distribution really, if the shareholders were desirous of distributing their reserves?—A. Yes.

Q. Then as to surplus?—A.

Surplus:

The combined surplus accounts of the Companies have increased from \$1,987,000 at 22nd January, 1925, to \$7,108,000 at 11th January, 1934.

Q. Then there are some special reserves?—A.

Special Reserves not disclosed in the Balance Sheets:

The special reserve for investments amounting to \$1,076,000 at 11th January, 1934, represents the difference between the amount at which these investments are shown in the Balance Sheets and their market values; at 14th January, 1932, the book value of the investments exceeded their market value by \$109,000.

The special reserve for inventories represents the difference between the cost of these inventories and the values at which they appear in the Balance Sheets. In order to arrive at a fair value of the merchandise inventories at any date it would perhaps be necessary to make some deduction from cost, particularly in the case of any slow-moving stock. To this extent the special reserve shown in Statement C-3 may be over-stated.

Q. In the matter of carrying these investments in the reserve, is it the practice to write off from these investments certain amounts from year to year as we note in certain other companies, or are they still carried at their original cost?—A. They are carried at original cost, there may be some small fluctuations.

Q. But they have not been written down; therefore, the special reserve that has been set up of \$1,076,000 represents the difference between the book value and the market value of the assets?—A. Yes.

Q. And the special reserve for inventory represents the difference between the cost of inventory and the value at which it is being carried on the balance sheet?—A. Yes.

Prior to the sale of the fixed assets to The T. Eaton Realty Co. Limited the difference between their estimated and book values was shown as a special reserve in the records of the Company and amounted to \$10,929,000 at 31st January, 1929. In April, 1929, these assets were sold to The T. Eaton Realty Co. Limited and their book value was increased by approximately \$16,000,000 which more than offset the special reserve. \$4,000,000 was credited to capital surplus

account in the books of The T. Eaton Co. Limited at the time the book values of these assets were increased and is included with the reserve account in the Balance Sheet. When the fixed assets were written up to their appraised values. in the books of the T. Eaton Realty Co. Limited, \$12,000,000 in ordinary shares of that Company (which are convertible into preference shares) were issued to the Sir John Eaton Estate.

Q. The sale took place from the T. Eaton Operating Company to the T. Eaton Realty Company of certain fixed assets?—A. Yes.

Q. And these fixed assets that were turned over were turned over at a certain valuation, and that valuation was obtained by appraisal?—A. Yes.

Q. And prior to being turned over they were carried on a company's memorandum account as a reserve of \$10,929,000 in respect of these buildings, representing their real value over the book value?—Yes.

Q. Then, this \$10,929,000 of reserve thus carried formed part of the price at which they were turned over to the realty company?—A. Yes, it would account for the major part of the \$16,000,000 write-up.

By Mr. Factor:

Q. In other words, they were appreciated over \$5,000,000, the difference between the \$10,929,000 and the \$6,000,000?—A. Yes.

By Mr. Sommerville:

Q. There is really more than this, we will come to it in just a few minutes. The sale did not take place directly to the Eaton Realty Company?—A. No.

Q. The sale of these assets took place from the T. Eaton Operating Company to the Sir John Eaton estate, at a certain figure, and then the Sir John Eaton Estate turned them over to the Realty Company at a certain increased figure?—A. Yes.

Q. In the meantime, in that operation, some additional \$12,000,000 of stock and bonds issued?—A. To the estate, that will be described in dealing with that transaction. Four million after the sale in 1929.

Q. Then the \$11,000,000 still carried in the balance sheet of the operating company is a reserve against this increased value of buildings?—A. It was really the difference between the value at which the assets were sold to the Sir John Eaton estate, and the value at which they were originally shown on the books of the operating company.

Q. Then this \$4,000,000 does not now appear, is that because the \$4,000,000 is taken up in what is assumed to be the depreciation in the value of these properties?—A. Not that \$4,000,000, sir; the \$4,000,000 difference between the value at which the assets were sold to the estate and their book value was credited to capital surplus account on the books of the operating company, and appears as one of the reserves of the balance sheet.

Q. Yes, I see; that is why it is being carried directly as a reserve, and we are not carrying it forward now?—A. It is not necessary to show it in this manner as a special reserve.

Q. We will now complete your reference to statement C-3?—A. In January, 1926, a reserve of \$500,000 was provided out of profits against the investment in Subsidiary Companies and was deducted from the amount thereof in the Balance Sheet. This reserve was increased by further provisions made in following years until at 30th January, 1930, the Company had established a reserve of \$4,000,000 which was shown in the records as a special reserve. After 31st January, 1931, the Company's officials decided that due to the decline in real estate values, this reserve was necessary to provide for depreciation of the assets of the subsidiary companies and could not be shown as part of the net worth of the business.

THE T. EATON CO. LIMITED AND ITS SUBSIDIARIES

The T. Eaton Co. Limited, Montreal; The T. Eaton Co. Maritimes Limited; The T. Eaton Drug Co. Limited; The T. Eaton Realty Co. Limited; Canadian Department Stores Limited; The T. Eaton House Furnishings Co. Limited; Canadian Stores Limited; Guelph Stove Company Limited; Purchasers Finance Co. Limited, Business Properties Limited; Rideau Stores Limited

COMPARATIVE CONSOLIDATED STATEMENT SHOWING THE APPROXIMATE NET WORTH AT BOOK VALUES
(Prepared from the Company's records—in thousands of dollars)

	As at Jan. 22, 1925	As at Jan. 21, 1926	As at Jan. 20, 1927	As at Jan. 19, 1928	As at Jan. 31, 1929	As at Jan. 30, 1930	As at Jan. 29, 1931	As at Jan. 14, 1932	As at Jan. 12, 1933	As at Jan. 11, 1934
CAPITAL.....	\$ 1,002	\$ 1,003	\$ 1,003	\$ 1,003	\$ 1,005	\$ 1,006	\$ 1,006	\$ 1,006	\$ 1,006	\$ 1,006
Reserves:—										
Insurance.....	2,000	2,500	2,500	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Building and Equipment.....	4,000	4,000	4,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Depreciation.....	2,500	2,500	3,000	3,500	4,000	4,000	4,000	4,000	4,000	5,000
Special for Promotion of Business.....		500	500	500	500					
Contingent.....	8,550	9,050	10,050	12,050	13,650	15,200	16,200	16,200	16,200	16,200
Capital Rest.....	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130
Capital Surplus.....	64	64	64	64	64	4,064	4,064	4,064	4,064	4,064
Sir John C. Eaton Memorial Fund.....			1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	18,244	19,744	22,244	26,244	28,344	33,394	34,394	34,394	34,394	35,394
Surplus Account.....	1,987	1,792	2,574	3,430	3,975	5,576	6,485	7,140	7,326	7,108
Special Reserves not disclosed in the Balance Sheets:—										
Investments.....	1,800	1,800	1,800	2,615	1,937	1,565	2,008	109	885	1,076
Merchandise Inventories.....	5,457	6,093	6,804	8,789	9,343	9,330	8,244	6,135	3,712	3,482
Fixed Assets:—										
Difference between book and estimated value.....	9,929	10,429	10,929	10,929	10,929	4,000	4,000			
Investment in Subsidiary Companies.....		500	1,500	2,000	2,000					
	17,186	18,822	21,033	24,333	24,209	14,895	14,252	6,026	4,597	4,558
Net Worth.....	38,419	41,361	46,854	55,010	57,533	54,871	56,137	48,566	47,323	48,066

The CHAIRMAN: At this point I think we will adjourn until 3.30.

The committee adjourned at 12.55 p.m., to meet again this day at 3.30 o'clock p.m.

AFTERNOON SESSION

The committee resumed at 3.30 p.m.

The CHAIRMAN: Gentlemen, we will continue with the examination of Mr. Gordon.

Examination of Walter L. Gordon continued.

The WITNESS: In discussing the fund for the directors retirement this morning I said that that was the only fund which the company had. In addition there is a pension fund outside of the company altogether which is run by a committee and it includes amounts which are altogether from the senior officials' and department managers' salaries at their option.

Mr. SOMMERVILLE: At whose option?

The WITNESS: At the option of the senior officials and department managers. If they like, certain amounts can be deducted from their salary and placed in that pension fund. The company contribute to that amount the difference between the rate of 7 per cent on the amount of the fund and the actual revenue of the fund.

The CHAIRMAN: That is, the fund may bring an interest rate of, say, 5 per cent or 6 per cent or something of that kind and the company make it up to a rate of 7 per cent?

The WITNESS: Yes. There are 221 of the senior employees who are directors of that fund at the present time, and they are participants.

By Mr. Sommerville:

Q. They are largely managers of departments?—A. Of senior officials.

Q. Would that include also the directors?—A. No.

By Mr. Kennedy (Winnipeg):

Q. How long has that fund been in existence, and what is the present amount of it?—A. I understand that it started in 1924, and the present amount is \$5,830,429.57.

Q. And who participates in the benefits of it and on what basis?—A. 221.

Q. They contribute; who participates in the benefits?—A. Just the contributors—just those who have part of their salaries deducted and placed in that fund.

Q. And do they benefit on the proportion of their contribution?—A. I presume so.

Q. This is not for the benefit of the general employees?—A. No, just the senior ones.

The CHAIRMAN: With that amendment, that is all?

The WITNESS: That is all except—this morning I said there were contributions from time to time to certain employees on their retirement. The number of those in 1933 was 611. 611 individuals were paid at various sums of money.

By Mr. Kennedy (Winnipeg):

Q. By the company?—A. Yes, by the company.

Q. Voluntarily?—A. Yes.

Mr. SOMMERVILLE: Over a period.

The WITNESS: That is a year.

By Mr. Kennedy (Winnipeg):

Q. What was the total amount?—A. I have not got the total amount paid, but I have got the amount paid for seven employees receiving \$10 a month, four of these for the whole year and three for a period of six months, and the amounts paid per month vary from \$110 to \$365 a month. That was paid to two retired employees.

Q. Have you ascertained on what basis employees are deemed— —A. No, but I understand it is based on length of service. I could not tell you whether it is based also on a question of seniority or not.

Q. Is it irrespective of the position they occupy in the company?—A. I could not tell you. I have not investigated those things.

Mr. SOMMERVILLE: This information has been given to you since this morning, has it?

The WITNESS: Yes.

Mr. KENNEDY (*Winnipeg*): Could you follow it up and get information as to what amount was paid out last year?

The WITNESS: Yes, I could.

Mr. SOMMERVILLE: And also as to whether or not the employees are entitled to it or whether it is purely a matter of grace on the part of the company with respect to it.

The WITNESS: Yes.

Mr. KENNEDY (*Winnipeg*): And also what the guiding principle on which employees are admitted to the benefits of that retirement fund. Would you find that out?

The WITNESS: Yes, sir. Mr. Kennedy asked me for the denominations of the debentures which were sold to employees. They vary from \$100 to \$10,000 and they are held, according to the information we have received, by 1,131 different employees.

Mr. SOMMERVILLE: At Toronto and elsewhere?

The WITNESS: Yes.

Mr. YOUNG: Could any employee buy them?

The WITNESS: After one year's service.

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COMPARATIVE CONSOLIDATED SURPLUS ACCOUNT

(Prepared from the Company's records, in thousands of dollars)

	Year ended 21st January, 1926	Year ended 20th January, 1927	Year ended 19th January, 1928	Year ended 31st January, 1929	Year ended 30th January, 1930	Year ended 29th January, 1931	Year ended 14th January, 1932	Year ended 12th January, 1933	Year ended 11th January, 1934
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at beginning of year	1,987	1,792	2,574	3,430	3,975	5,576	6,485	7,140	7,326
Add:—									
Amount transferred from Profit and Loss Account	2,539	4,178	5,575	4,652	3,473	2,977	870	633	1,014
Reduction in Depreciation Reserve of Guelph Stove Company Limited							7		
Sundry Minor Adjustments	2	1	1	3	2	2	2	2	2
	4,528	5,969	8,150	8,085	7,446	8,555	7,360	7,771	8,338
Deduct:—									
Dividends Paid	570	720	720	720	820	570	220	195	195
Payment to Eaton Family				940				250	
Employees Retirement and Benefit Fund Reserve	666	175		350		500			35
Guelph Stove Company Limited—Bad Debt Provision									
Transferred to—									
Insurance Reserve	500		500						
Special Reserve for Promotion of Business	500								
Reserve for Contingencies	500	1,000	2,000	1,600	1,550	1,000			
Reserve for Depreciation		500	500	500					1,000
Sir John C. Eaton Memorial Fund		1,000							
Reserve for Buildings and Equipment			1,000						
	2,736	3,395	4,720	4,110	1,870	2,070	220	445	1,230
Balance at end of year	1,792	2,574	3,430	3,975	5,576	6,485	7,140	7,326	7,108

Statement C-4 shows the changes in the consolidated surplus accounts—which has not been printed—the consolidated profit and loss account was printed—statement C-4 shows the consolidated surplus accounts for the period 22nd January, 1925, to 11th January, 1934. That is the ten-year period. This shows the amounts transferred to surplus from profit and loss every year and certain distributions of surplus are transferred to various reserve accounts, the dividends that were paid and the final balance left in the surplus account.

By the Chairman:

Q. There is one thing here that I notice: in 1926 there was carried as insurance reserve \$500,000 and another sum of \$500,000 in 1928, and it does not appear in any of the other years. Is there any explanation for that?—A. The insurance reserve is one of the free reserves shown in the balance sheet and it is just the allocation of part of this service—it has no particular significance.

Q. With regard to the two insurance companies—one life and the other fire—are they run on an actuarial basis, or is it a private operation of the company, shall I say ignoring the ordinary insurance laws—or do they come under the ordinary insurance laws?—A. The life insurance—they both come under the ordinary insurance laws. The life insurance is a fairly large company, and we will report on it specifically. The other one is small.

Q. But, for the moment, they are both under the insurance laws.

Mr. NASH: Yes, you will find a report on them.

The CHAIRMAN: This is simply an additional reserve in these two years?

The WITNESS: Yes, the company carries its own insurance—part of its own insurance.

Mr. FACTOR: This has nothing to do with its two insurance companies—these reserves?

The WITNESS: Yes.

By Mr. Sommerville:

Q. This is the consolidated statement of the T. Eaton Company, Limited, and its eleven subsidiaries and shows the source from which the surplus fund comes?—A. Yes.

Q. And this shows its distribution. I observe the first item is dividends paid. In 1926 the amount paid was \$570,000, in 1927, \$720,000, and then here is a sum of \$940,000 that appears just once; what was it?—A. That was a payment to the members of the Eaton family in the jubilee year of the business. The members of the family are not shareholders, all the shares being held by the estate.

Q. And these were paid to members of the family?—A. Yes.

Q. \$940,000—the family of Sir John Eaton or the late Timothy Eaton?—A. Direct descendants.

Mr. KENNEDY (Winnipeg): That was the year ended January 1, 1929?

The WITNESS: Yes, in the year 1928.

By Mr. Sommerville:

Q. That is for the direct descendants of Mr. Timothy Eaton?—A. Yes.

Q. In 1929 the amount paid was \$720,000, in 1930, \$820,000, in 1931, \$570,000, in 1932, \$220,000, in 1933, \$195,000, and in 1934, \$195,000?—A. Yes.

Q. That is the entire amount paid to the Sir John Eaton estate as the holder of the shares?—A. Yes.

Q. Sir John Eaton and the other members?—A. To the shareholders. The Sir John Eaton estate would receive its proportion then on the number of shares it holds.

Mr. FACTOR: Dividends paid to all shareholders.

The WITNESS: Yes.

By Mr. Sommerville:

Q. Total dividends. Now, I see employees retirement and benefit fund?—A. That is a directors' fund.

Q. \$666,000 in 1925, \$175,000 added in 1926, \$350,000 added in 1929, \$500,000 added in 1931, and \$250,000 added in 1933. Now Guelph Stove Company Limited, \$35,000?—A. The Guelph Stove Company had an account receivable from its subsidiary and the account was considered to be bad. Their subsidiary company was not doing well and they set up \$35,000. This was set up by the Guelph Stove Company. This is a consolidated statement. The other reserves are just transfers to allocations and so forth.

Q. A free reserve really?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. With regard to these other items: insurance reserve, special reserve, depreciation, etc., are all really part of this surplus?—A. Yes.

Q. So, to get a true reflection of the surplus in one of these given years you would add the amount of these transfers to the consolidated surplus as shown?—

A. To get the real picture of the surplus account—if you add the balance left in the surplus account to the free reserves you get the real surplus.

Q. Just to refer to the schedule before us after all these deductions, the balance at the end of the year and ending January, 1926—the consolidated surplus is \$1,792,000—A. Yes.

Q. And at the end of the year ending January 11, 1934, the consolidated surplus is shown as \$7,108,000. Besides the \$7,108,000 there are these three other reserves you have refererd to, amounting to something like \$35,000,000?—A. Yes.

Q. The only amount provided last year out of special reserve was \$1,000,000 for contingencies?—A. I think it was called depreciation.

Q. Now, take the next statement, that is C-5. Will you let us have your memorandum in connection with that, and read that rather than explain it? The reporter does not have to get both statements then?—A. Yes.

The T. Eaton Housefurnishings Co. Limited; The Canadian Stores Limited; The T. Eaton Drug Co. Limited; The Guelph Stove Co. Limited; The T. Eaton (Maritime) Limited; The T. Eaton Realty Co. Limited; The T. Eaton Co. Limited of Montreal; Purchasers' Finance Co. Limited; The Canadian Department Stores Limited; Business Properties Limited; Rideau Stores Limited

COMPARATIVE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(As prepared from the Company's records—in thousands of dollars)

	Year ending January, 1926	Year ending January, 1927	Year ending January, 1928	Year ending January, 1929	Year ending January, 1930	Year ending January, 1931	Year ending January, 1932	Year ending January, 1933	Year ending January, 1934
Operating Profit or Loss—Merchandising Companies—									
The T. Eaton Co. Limited.....	7,451	8,331	9,160	8,650	4,524	1,714	464	812	\$ 772
The T. Eaton Housefurnishings Co. Limited.....								187	120
The T. Eaton Drug Co. Limited.....	68	83	87	98	63	46	63	14	66
The T. Eaton Co. (Maritime) Limited.....				42	1,065	743	473	274	478
The T. Eaton Co. Ltd. of Montreal.....	770	343	520	833	1,265	887	92	91	86
The Canadian Department Stores Ltd.....				214	58	82	197	481	110
The Canadian Stores Limited.....							68	26	30
The Guelph Stove Co. Limited.....	64	83	53	84	63	14	13	34	10
Add:—Interest.....	6,813	8,840	9,820	9,409	6,922	3,486	162	1,294	1,212
	2,146	2,131	2,385	2,678	2,218	2,305	2,234	2,255	2,062
Deduct:—Supplementary Expenses, Allowances, Sundry Credits, etc.	8,959	10,971	12,205	12,087	9,140	5,791	2,062	961	3,274
	3,952	4,112	4,520	6,277	6,170	4,492	3,946	3,720	2,986
Add:—Net Profit or Loss—Non-Merchandising Companies—	5,007	6,859	7,685	5,810	2,970	1,299	1,884	2,759	288
The T. Eaton Realty Co. Limited.....					648	775	741	736	604
Purchasers' Finance Co. Limited.....		4	17	25	30	21	20	11	22
Business Properties Limited.....		14	11	27	4	1	4	37	40
Rideau Stores Limited.....			6						
Adjustment <i>re</i> Bonuses Payable.....	5,007	6,877	7,719	5,862	3,592	2,096	1,119	2,071	874
Net Profit or Loss before special provisions for Depreciation, Inventories, etc.....	189	95	362	213	138	1,137	1,335	4	4
Deduct Special Provisions—	5,196	6,972	8,081	6,075	3,730	959	2,454	2,075	878
Depreciation of Land, Buildings and Equipment.....									
Investment in Subsidiary Companies.....	500	500							
Merchandise Inventories—	500	1,000	500						
Adjustments made by Company.....	604	312	711	104	325	778	1,923	1,776	
Adjustments made to Operating Account.....	151	379	381	446	270	328	308	1,032	229
Adjustment <i>re</i> Bonuses Payable.....	189	95	362	213	138	1,137	1,335	4	4
Net Profit or Loss after special provisions for Depreciation, Inventories, etc. as per the Company's records.....	1,944	2,286	1,954	763	83	2,243	3,566	2,812	225
Provision for Income Tax.....	3,252	4,686	6,127	5,312	3,647	3,202	1,112	737	1,103
	713	508	552	660	174	225	242	104	89
Balance carried to Surplus Account.....	2,530	178	5,575	4,659	2,472	9,077	970	922	1,014

Balance carried to Surplus Account

Statement C-5 was prepared from the records of the Company and show the combined results of The T. Eaton Co. Limited and eleven of its subsidiary companies for the period 23rd January, 1925, to 11th January, 1934. In order to show a true comparison of the results of operations during the nine-year period the merchandise inventories have been adjusted to a cost basis in the statement. In the Company's books the inventories were reduced below cost by percentages which varied considerably from year to year and without the adjustment referred to the book figures do not reflect a fair comparison.

In the earlier years under review it was the Company's practice to provide at the end of the year for bonuses payable to directors and department managers which to some extent are based on the results of the year's operations. Full provision for bonuses payable was not made, however, at 29th January, 1931, or at the end of any of the next three years, the bonuses being charged to expenses in the year in which they were paid. The Company's officials state that they consider bonuses should in every case be charged to the expenses of the year in which they are actually paid and that this should be given effect to in any comparison of the operating results of different years. An adjustment has, therefore, been made to the profits or losses shown in Statement C-5 so as to include in the expenses of each year the bonuses actually paid out in that year.

Q. At that point, will you just explain to the committee what you mean by full provision for the bonuses as against the amount that has been paid?—

A. Well, in the earlier years when they were drawing up their balance sheets, they made provision for bonuses payable; and then after the balance sheet was prepared, in the first month of the next year, when the bonuses were paid, they were charged up against that provision.

Q. Against the previous year's operations?—A. Yes.

Q. The year's operations upon which the bonus was given?—A. Yes.

Q. After 1931 they were charged up against the year in which the bonus was paid?—A. Not entirely, but that describes it. They didn't make full provision for all the bonuses payable; so that the amount actually paid was partly charged against the previous year's operations and partly charged to the next year's operations.

Q. They divided the amount that was paid, then?—A. Yes; and in order that these profits would show the true results or comparative results, year by year, we made adjustments so as to charge up against the expenses of each year the actual payments made in that year.

The statement shows the operating profit or loss of the merchandising companies, the net interest credited to profit and loss account on the company's head office books and the supplementary expenses charged in the head office books of the company. It also shows the net profit or loss of the non-merchandising companies, the adjustment referred to *re* bonuses payable and the total profit or loss before extra provisions for depreciation, inventory adjustments and so on. The comparable figure of profit or loss is about half way down the statement. For the year 1925, it is \$5,196,000, the next year \$6,972,000, \$8,081,000 and so on.

Q. Carry it right through?—A. \$6,075,000 for the year 1928; \$3,730,000 for the year 1929; \$959,000 for the year 1930; a loss of \$2,454,000 for the year 1931; a loss of \$2,075,000 for the year 1932 and a profit of \$878,000 for the year 1933. That is an average of \$3,040,000 for the nine years.

Q. \$3,040,000 profit?—A. Profit.

Q. Average?—A. Average per annum for nine years, for the nine-year periods, and it works out at an average of 1.7 per cent on sales in that period.

Q. From 1930 when the profits were \$3,730,000, they dropped to a loss of \$2,075,000 in 1933; and then this last year came back to a profit of \$878,000?—A. Yes.

By Mr. Factor:

Q. That is before depreciation?—A. No, that is after providing for depreciation.

Q. After depreciation?—A. Yes.

Q. And reserve?—A. Not free reserve or allocation of surplus, but after providing for depreciation of the fixed assets. Those special provisions were charges against profit and loss, but they might have been shared against surplus account. They are unusual items.

By Mr. Sommerville:

Q. They are unusual items?—A. That is as far as depreciation and the investment in subsidiary companies is concerned. The other items are adjustments referred to on account of the inventories and the bonuses which we have shown in here, in order to bring the figures back into agreement with the company's books. These profits are, of course, before income tax.

By Mr. Factor:

Q. These profits are also after you adjusted the inventory on the cost price?—A. After the inventory has been brought back to cost, to show a comparable basis each year.

Q. The other figure below is after the adjustment, reducing the net profit?—A. Yes.

Q. The one in the last paragraph, net profit or loss?—A. After special provisions for depreciation, inventories, et cetera, as per the company's record.

By Mr. Sommerville:

Q. Yes, after making provision for depreciation, the investment in subsidiary companies and the adjustments referred to, the net profits for 1926 were \$1,944,000?—A. No, that is deductions.

Mr. FACTOR: Those are the total adjustments.

By Mr. Sommerville:

Q. Those are your total adjustments. Those are your deductions. Your net profits were what?—A. This figure is profit or loss according to the company's records. If you want a comparable figure of the profit and loss, you should use the figures we have read.

By Mr. Factor:

Q. You deduct, according to the company's records, \$1,944,000 from \$5,196,000, which gives you the net standing?—A. Yes, and in some years instead of a deduction there would be an addition.

By Mr. Ilsley:

Q. You just brought it back to the company's records?—A. Yes.

By Mr. Factor:

Q. Take for the year 1931, what is the meaning of these adjustments? You have them in black every time. I imagine they are in red in yours?—A. Yes.

Q. What is the explanation of that?—A. That means if you show the inventory at cost, and if you make the adjustment on account of the bonuses, in order to charge up to that year its portion of the bonuses payable, they made a profit of \$959,000; but according to the company's records, it shows more than that.

Q. A loss of \$2,243,000?—A. No, according to the company's records, they showed a profit of \$3,202,000. The red figure is an addition to the figure of \$959,000.

By Mr. Sommerville:

Q. That is, in order to get the true picture you had to add to \$959,000 these amounts which has been deducted?—A. Well, the \$959,000 is the true figure; but in order to bring it into agreement with the books, that adjustment is necessary.

Q. I see. While their books would show a profit of \$3,202,000, the real figure was \$959,000 for the year 1931?—A. Yes.

Q. And while the books would show, at 14th January, 1932, a real profit of \$1,112,000, the true picture was a loss of \$2,454,000?—A. I think I should say there that the question of these adjustments is open to question. It is probably reasonable to make them, but in order to show the comparative results, year by year, it is necessary to do that.

Q. In order to get the figures that one can compare each year?—A. Yes.

Q. And so on, with the year 1932 in the company's books it shows— —A. A profit of \$1,112,000.

Q. For 1933, the year ending January 12th, there is a profit of \$737,000?—A. Yes.

Q. After deducting these special provisions, the loss is \$2,075,000?—A. Yes.

Q. And also last year the profit shown was \$1,103,000, but after deduction of special adjustments, the comparable profit was \$878,000?—A. Yes.

By Mr. Factor:

Q. I suppose the surpluses carried over were also based on the records of the company?—A. Yes.

By Mr. Sommerville:

Q. Will you continue, please?—A. Yes.

The relationship of the net profit or loss for the nine years ended 11th January, 1934, to the capital, surplus and reserves, including the special reserves not disclosed in the balance sheets (see Statement C-3) is as follows in thousands of dollars:—

	Capital Surplus and Reserves (State- ment C-3)	Ordinary Shares of T. Eaton Realty Co. Limited held by the Sir John Eaton Estate	Total Capital Surplus and Reserves	Net Profit or Loss (State- ment C-5)	Percentage of Net Profit or Loss to Total Capital, etc.
	\$	\$	\$	\$	%
Year ended 21st Jan., 1926.....	38,419	.....	38,419	5,196	13.6
Year ended 30th Jan., 1927.....	41,361	.....	41,361	6,972	16.8
Year ended 19th Jan., 1928.....	46,854	.....	46,854	8,081	17.2
Year ended 31st Jan., 1929.....	55,010	.....	55,110	6,075	11.0
Year ended 30th Jan., 1930.....	57,533	.....	57,533	3,730	6.5
Year ended 29th Jan., 1931.....	54,871	12,000	66,871	959	1.4
Year ended 14th Jan., 1932.....	56,137	12,000	68,137	2,454	3.6
Year ended 12th Jan., 1933.....	48,566	12,000	60,566	2,075	3.4
Year ended 11th Jan., 1934.....	47,323	12,000	59,323	878	1.5

By Mr. Factor:

Q. When you figure reserves that includes the \$35,000,000 odd of free reserves?—A. Yes, which could be shown as surplus. It is just an allocation.

In the above summary the capital surplus and reserves are shown as at the beginning of each year; the profits or losses are after providing for depreciation of fixed assets but before provision of any special reserves.

By Mr. Sommerville:

Q. That is, for the last year on the total amount of capital of \$59,321,000, with the capital employed in the company reserves, surplus and original capital?—A. Yes.

Q. That is, on that total capital of \$59,000,000?—A. That is including the \$12,000,000 owned by the estate.

Q. Quite, on that total capital the profits of last year amounted to 1.5 per cent?—A. Yes, sir,

Q. Net profit?—A. Yes, sir.

By Mr. Kennedy (Winnipeg):

Q. Just continuing there, the year ended 14th January, 1932, you show a loss of 3.6 per cent; that is in relation to, as Mr. Sommerville has pointed out, the capital employed in the business, and surplus, and all that?—A. Yes.

Q. But this does not mean that they had a loss on their operation?—A. It means they made a net loss in that year.

Q. On their operation?—A. Yes.

MR. FACTOR: The operating loss, Mr. Kennedy, is shown on C-5, how it is made up.

By Mr. Kennedy (Winnipeg):

Q. Well, let us follow that a little farther?—A. After providing for depreciation.

Q. Yes, but the more surplus that is added, by adding more surplus all the time you could show a loss in your operation?—A. No, sir. The increase in the surplus might decrease the percentage of the profit to the actual surplus in reserve but when there is a loss incurred it has no bearing on the amount of capital.

Q. All right, it might decrease the percentage of the profit to the total capital employed?—A. Yes.

Q. And eventually get below the line and show a percentage of loss?—A. No, it could not do that. If there was a profit, the percentage of profit to capital must always be a profit percentage.

By Mr. Young:

Q. Last year they made a net profit of 1.5 per cent in which they have an outside investment of something over \$14,000,000; was there any money made from that?—A. Yes, that is included.

Q. If that revenue from that outside investment were subtracted from their profit, then what profit would it make on their merchandising business, their own business?

MR. SOMMERVILLE: The \$14,000,000 produced, if I recall it, about 5 per cent.

MR. NASH: \$700,000.

MR. SOMMERVILLE: Taken from a total of \$858,000 would leave about \$158,000.

MR. YOUNG: Of profit.

By Mr. Sommerville:

Q. And that is the operating profit after all the charges and expenses in connection with buildings, taxes, and all the charges that accrue in respect of their permanent buildings?—A. Yes.

Q. And after payment of the necessary rental to the T. Eaton Realty Company that own these buildings?—A. Well, the profit or loss of the T. Eaton Realty Company is included in these figures, but it is after providing for all depreciation on the fixed assets.

By Mr. Factor:

Q. Have you prepared a statement showing in detail how these items are arrived at?—A. Yes, I have, Mr. Factor. Statement D-1—I do not think that was printed—shows the details for the T. Eaton Company Limited and when we deal with the T. Eaton Company Limited we show the operations of the Toronto Store and the Winnipeg Store, and so on.

By Mr. Sommerville:

Q. Yes. Will you proceed, Mr. Gordon?—A. As already stated, certain adjustments were made to the figures shown in the company's records in respect to the valuations of the inventories and the provisions for bonuses in order that the operating results should reflect a true comparison. These changes are shown in statement C-5 as an adjustment to the net profit or loss in order to arrive at the amount transferred to surplus account according to the company's records.

The details of the interest added to the trading profits or losses of the merchandising companies are shown in statement C-6. We did not have that printed; they are fairly voluminous. In the year ended, January, 1934, that amounted to \$2,585,000 from which has been deducted various interest expenditures of \$1,298,000, leaving a net revenue of \$1,287,000.

Q. That is in?—A. In Statement C-6.

Q. Yes?—A. To that has been added the net revenue from interest in the subsidiary companies which we have not analysed in detail, making a total credit to the head office profit and loss account of \$2,062,000 in the year ended January, 1934, which shows on Statement C-5.

Q. That is interest that is charged to or received from either these investments or the subsidiary companies or from the departmental operations?—A. Yes.

By Mr. Ilsley:

Q. For what do the subsidiary companies pay the parent company interest, what are they paying interest on?—A. The T. Eaton Company Limited has advanced money from time to time to the subsidiary companies and they pay interest on that, but it is offset by the charge in the subsidiary company's books with the interest paid to the parent company, so that in this total you can wash that item out.

By Mr. Sommerville:

Q. But there is a charge for interest on the inventory of value of the fixtures or assets used in any department?—A. Yes, sir.

Q. And that is included in this amount of \$2,062,000?—A. Yes.

Q. And that interest charge is a charge added to merchandising costs that help to make up the mark-ups?—A. It is one of the expenses charged to the merchandising departments.

Mr. ILSLEY: It is our old friend the 6 per cent.

Mr. SOMMERVILLE: Yes, our old friend the 6 per cent on inventory.

By Mr. Factor:

Q. So that the net profit shown in this statement does not take into account the 6 per cent?—A. Yes, Mr. Factor. Statement C-5 shows the profit or loss of merchandising companies to which we have added the interest revenue shown on the head office books.

Q. From the subsidiary companies?—A. No, taking the T. Eaton Company alone, Statement C-5 shows the profit which the operating sections of the business or the department records show—a profit of \$772,000.

Q. Does that include the 6 per cent charge on capital employed in each department?—A. That is after charging against its operation this interest, and then the interest is added back in this figure of \$2,062,000.

By Mr. Ilsley:

Q. It cannot possibly make any difference in the Consolidated balance sheet?—A. No.

By Mr. Sommerville:

Q. But it gives you the way in which that interest amount is made up and shows you the detail of it?—A. Yes.

Q. And that is a charge against the departments and subsidiaries?—A. Yes.

Q. And against merchandising?—A. Yes.

Q. Will you proceed then with your statement.—A. The interest revenue includes interest from investments, interest charge on accounts receivable, mortgages, exchange, etc. It also includes interest charged on advances to subsidiary companies, a large part of which is represented by the interest received from the T. Eaton Realty Company Limited. The advances to the Realty Company, or the amount owing by the Realty Company to the T. Eaton Company Limited being the largest amount.

Q. In the operation of this business there were 180 merchandising departments and 117 service departments?—A. Yes.

Q. And to each service department there is also charged interest on the amount of inventory they have or the amount of money invested in each department from time to time?—A. On the fixtures that they use.

Q. Fixtures and such like?—A. Yes.

Q. And when that interest is charged to a service department then the entire expenses of the service departments are then again allocated to the various departments?—A. The various merchandising departments.

Q. Yes, so that the service department is presumed to clear itself just as a merchandising department is supposed to do, is it not?—A. Yes.

Q. And if it makes a profit so much to the good?—A. Well no. The expenses of the merchandising department are more or less, excepting for a few,—the endeavour is that the amount charged to the different merchandising departments will completely wipe out all the expenses of the service department, and if there is any difference it is transferred to General Expense Account.

Q. Yes, then in the end the amount charged to service department finds its way by some channel to the merchandising department?—A. Yes.

Q. And is a charge on merchandising?—A. A charge to this department.

Q. Yes.—A. The largest credit to the account is represented by the interest charged to the departments on the capital invested in the various current and fixed assets used by them. This includes interest on merchandise inventories, interest on furniture and fixtures and, prior to the sale to the Realty Company in April, 1929, interest on the fixed assets (included on the rental charge to departments).

Q. That is, prior to this sale to the T. Eaton Realty Company, when the sale took place to the T. Eaton Realty Company then a new basis was contributed as far as the Realty Company was concerned?—A. Not exactly, sir.

Prior to the sale to the Realty Company the amount charged to the different departments on a floor space basis provided a profit in the head office books over and above the depreciation, and so on. After the sale the basis of the charge to the departments was not charged in any way, but the amount which they contributed was not sufficient to pay the total amount of the rent to the Realty Company; it all came back in the Consolidated statement.

Q. The amount contributed after 1929 by the departments was not enough to carry all the real estate charges, depreciation, taxes, interest, bond interest, and that amount by which the departmental contribution failed to reach the needs of the Realty Company was provided out of the general fund as a general charge to the operating company.—A. Yes, that is gone into in detail.

Q. You are coming to that shortly?—A. Yes.

By Mr. Factor:

Q. Statement C-5 does not take into consideration any operation of the Realty Company?—A. Yes it does.

Q. Where?—A. It is included in there. On Statement C-5 the net profit or loss of the non-merchandising companies is shown, and the T. Eaton Realty Company is the first one in that classification and shows a profit in each year.

Q. So that this consolidated Statement C-5 is a complete picture of all Eaton organizations?—A. Yes, with the exception of ten small companies, which are companies of a different nature such as the Life Insurance Company.

Q. These are merchandising companies?—A. Merchandising companies, or companies directly connected with merchandising.

By Mr. Sommerville:

Q. Now, the realty company's profit of \$604,000; is not that the amount shown for last year?—A. Yes.

Q. That comes of the amount received by way of allowance of the operating company?—A. Yes.

Q. That is its only source of revenue?—A. Practically speaking, yes.

Q. So that that amount contributed by the operating company really becomes a charge in the end on the profits of the operating company, on its merchandising?—A. Yes, the realty company makes a profit and to that extent the operating company has contributed more.

By Mr. Ilsley:

Q. I thought you said a few minutes ago that if a department did not pay enough to cover it there was not a profit, but a loss?—A. The departments contribute so much to head office, and if the contributions by the department to head office are insufficient to meet the various expenses which the head office pays, such as taxes, and so on, and the rent charged by the realty company. Now, the difference between the rent charged by the realty company and the taxes and so on and the amount which the departments contribute is borne by head office.

Q. Has to be made up by head office, and becomes part of the general expense of head office?—A. Yes, we are coming to head office general expenses.

Q. And then the general expenses of head office are surveyed?—A. No.

Q. Are they not, they are treated separately?—A. They are supplementary—in this connection when we deal with the realty company I think if we were to take it step by step it would make it a little clearer.

By Mr. Factor:

Q. This \$20,000 loss—is that in connection with the real estate venture; it is not in connection with the merchandise department?—A. Yes, it is something entirely separate from the regular operations.

By the Chairman:

Q. May I put this question to you, Mr. Gordon? Possibly it might be better not to touch this until we come to the statement, but we have been discussing it and I would like to clear the point up: in your general consolidated statement—that is, C-5—you show, for instance, we will take January of 1931, a net operating profit of \$714,000; now, that figure is after charging the operating departments their share of depreciation and interest on the realty operations; is it, or is it not?—A. It is not quite as simple as that, it is after charging the departments with the rental for the space which they occupy.

Q. Exactly, which regularly is reflected in the realty company's statements. For instance, the income under rental in that year in the realty company's statement was \$3,342,000?—A. Well, sir, the departments contribute so much to the head office operating company, and the head office operating company have to pay taxes, they pay elevator charges, and various other space charges in addition to rental to the realty company.

Q. I see?—A. Now the total expense which head office has to meet includes the payment to the realty company—or, more than the rent allocated from the various departments; and to the extent that they are more the head office bears that amount.

Q. Could you indicate, taking that year which I have just mentioned so we will have the same figures, could you indicate how much of the \$3,342,700 was borne by the merchandizing departments?—A. I can give it for separate units, sir; but I cannot do it for the whole organization together.

Q. How much did head office bear then?—A. I can tell you that.

Q. We will do a little subtraction?

Mr. FACTOR: Where do you get these figures, Mr. Chairman?

The WITNESS: You have not got that statement, it was not printed. It is on statement C-7. The difference would be \$705,000.

By the Chairman:

Q. Borne by head office?—A. Yes.

Q. Well, then, \$2,637,000 was borne by these departments; that would be right, would it not?—A. Yes.

Q. And that was taken off before it showed this operating profit of \$1,700,000?—A. Yes.

Q. When the test of all this would be this: that would show, if you leave the realty side out of it for a moment a profit of \$4,351,000 in that year in your operation?—A. Well, if you do that, I think you have also got to transfer back to the department certain other items of expenditure which were borne by head office.

Q. Well, you will have to, I admit; after you cover your departments together—as we said on a previous examination—here you would have to provide for it out of the general profits of the company, from your general accounts; but for the moment I am trying to get at this merchandising situation. Of course, we will get it in another way?—A. If they had not been charged any rent that would be—

Q. Yes, but am I right in assuming—never mind whether it is the right form or not, but the effect is right?—A. If the department had not been charged anything for the space which they occupied the profits shown here for the merchandising sections would be increased by \$2,000,000 odd dollars.

Q. Making \$4,351,000?—A. That would not show the real profit of the merchandising section.

Q. I quite agree, but I wish the committee if they would not mind would follow me in this for a moment, because it will be useful to them to have these amounts later on. Now we will turn back to statement C-1, and you find there

that land and buildings jump from \$27,000,000 in 1928 to \$59,000,000 in 1930, and \$56,000,000 in 1931?—A. Yes, sir.

Q. Now then, you will find that in 1931 sales amounted to \$171,000,000, and the peak was in 1929 at \$225,000,000?—A. Yes, sir.

Q. In 1933 sales were \$137,000,000; in 1930 your sales amounted to \$132,000,000 and they have to carry the load of the increase of your building operations of that period; they are called upon to carry a load which in 1928 amounted to \$27,000,000, instead of twenty-six?—A. Yes, that is right; the amount charged to the department has not changed with that falling off in profits.

By Mr. Factor:

Q. In 1929 the T. Eaton Company did not anticipate the depression the same as the others, is not that true?—A. I could not tell you.

Q. They expanded, went into real estate with the intention of doing a large business but did not do it?

By the Chairman:

Q. Wait a moment: in 1929 the rentals charged were \$928,000, instead of in 1931—the year we are talking about—\$3,342,000; so that your rentals, taking the same general proportion \$928,000, would be roughly speaking \$700,000; your rentals in 1928, or 1929—the year ending January, 1929—are about \$700,000; whereas your rentals charged against your merchandise in 1931 were \$2,600,000.

Mr. HEAPS: Did they have more premises in 1931 than they had before?

By the Chairman:

Q. Of course they did. That is correct, is it not?—A. What statement are you looking at?

Q. The T. Eaton Realty Company: incomes for 1929 charged against merchandising, I presume in the same way as in 1931, was \$928,000?—A. That is for four months only.

Q. Well, it doesn't say that. What was the charge, taking the years preceding this increased building?

By Mr. Sommerville:

Q. In the years preceding the realty company's operations, what was the amount charged, or borne, what was the cost to the company of this?—A. On page 7 of the realty company's statement—I think that is the best place to bring that out.

The CHAIRMAN: Well, if you wish.

The WITNESS: I think it would be easier to bring that out.

By Mr. Sommerville:

Q. You think it would be easier to develop it under the realty company?—A. I think it needs developing to clearly explain that point.

Q. Well, we will have it developed in any event. Now, you will proceed with your narrative.—A. After the sale of the fixed assets to the realty company, the rental charged to the departments was used to offset the rental payable to the Realty Company and no part of it was credited to the interest in the private books of the company. This accounts for the large decrease in the years ended 30th January, 1930, and 29th January, 1931. We are discussing statement C-6.

Mr. FACTOR: We have not a copy of that statement, and it is impossible to follow it.

Mr. SOMMERVILLE: Let me have the other copy please.

The WITNESS: The further decrease in the next three years is due to special reductions in the interest charges to certain operating units. The interest expenditure includes interest payable on the bonds and debentures of the T. Eaton Company, Limited, the interest credited to employees' accounts, customers' D.A. accounts, bank interest, carrying charges on rented properties, etc. The interest accounts of the subsidiary companies are comparatively small, and for this reason have not been analyzed in detail in the statement.

Statement C-7 shows the details of the supplementary expenses which are not charged directly to the merchandising department or to the expense department.

Mr. SOMMERVILLE: They are not charged directly, but they are charged indirectly.

The WITNESS: Which are not charged directly—no, it should be "not charged;" leave out the word "directly."

Mr. FACTOR: These supplementary expenses are deducted on C-5?

The WITNESS: Yes; they are retained or paid by head office, not passed on to the departments.

Mr. SOMMERVILLE: Has C-7 been printed?

The WITNESS: No.

Mr. SOMMERVILLE: The items are not charged to the departments, but are—

The WITNESS: Yes; the details of that amount is shown on C-5, for the year ending January, 1934.

By Mr. Kennedy (Winnipeg):

Q. You say they are not charged to the merchandising department? Those expenses must be paid out of the operations of the merchandising department?—A. Yes; that is right.

By Mr. Sommerville:

Q. They form part of the overhead expenses?—A. Yes.

Q. Of the general office, and are charged to general office?—A. Yes.

Q. Head office?—A. Head office.

Q. I see, for instance, the following items: Eaton's advertising publications, organization expenses, provision for business promotion, special advertising, travelling expenses, deficits on rented properties, credits on insurance carried by company charged to the departments; that means that the company carries its own insurance?—A. Yes, to some extent.

Q. To quite a substantial extent?—A. Quite a substantial extent.

Q. And does not insure to the same extent. Balances arising from excess depreciation, accrued expense credits arising from overhead expenses charged to the departments, property expenses and profits on sales, expenses on store moving, farm expenses, Yokohama account, city income tax, trust funds on Eaton Memorial Church, sundry allowances to employees' purchases, stock allowances, various, etc. Then, supplementary expenses, on a number of subsidiary companies, Eaton House furnishing company, and the Drug company, the Canadian Department stores, Guelph Stove account, Canadian Stores; all these are expenses paid by head office, and they form part of the head office accounts, which are chargeable to the merchandising operations of the operating companies?—A. Yes. They are head office expenses which are not passed on and charged against individual departments.

Q. Yes.—A. They are more expenses of a nature that are not really distributable between different merchandising or expense departments.

Mr. FACTOR: What is this first item, \$1,905,000 salaries and bonuses?

The WITNESS: They are the salaries and bonuses paid to the senior executives and the bonuses paid to department managers.

Mr. KENNEDY (Winnipeg): On what statement does that appear?

The WITNESS: C-7, sir.

Mr. FACTOR: You show that on statement C-8 in detail.

The WITNESS: In some detail.

Mr. FACTOR: The only thing I can see, Mr. Chairman, to complete the picture, is to show how the amount of the operating profit and loss was made up for the year 1934, referring to the T. Eaton Company, Limited, and the \$772,000. If we could get a statement to show how that is made up, it would be all right.

Mr. SOMMERVILLE: On the Toronto store?

Mr. FACTOR: On the Toronto store.

The WITNESS: The details of that, showing the profits and losses of the different units of the T. Eaton Company, according to the books of the company, are shown in statement D-1, but it has not been printed.

Mr. FACTOR: You are coming to that?

The WITNESS: Yes.

By Mr. Sommerville:

Q. We are breaking down this consolidated statement into its relative constituent parts. Now, if you will proceed with your narrative, sir.—A. Statement C-7 shows the details of the supplementary expenses which are not charged directly to the merchandising departments. These expenses are set out in considerable detail, and the explanation shown in the statement gives an indication of the nature of each of the items with the exception of the salaries and bonuses, which are shown in statement C-8.

Commencing in the fall of 1931, the company instituted a policy of adding an over-head percentage to all purchase invoices. This overhead charge was treated as part of the cost of the goods in the trading accounts of the merchandising departments, and appears as a credit to the supplementary expenses in the private head office books of the company. These credits are shown in statement C-7, and amounted to \$833,000 in the year ended 11th January, 1934.

Q. An amount, which prior to 1931, had not been added to the department?—A. Yes.

Q. And the amount that the head office took credit for out of those buying expenses was \$833,000?—A. Yes.

Q. In other words, the head office charged the departments with this amount for buying expenses?—A. Yes.

Mr. FACTOR: The thing I should like explained is this: What difference does it make if the expense is charged to head office, or to the departments, if the net result shown in the consolidated sheet, C-5, is as shown there?

The WITNESS: Absolutely none. From a bookkeeping point of view, they need not charge the departments with any expenses, they could all be shown as head office expenses.

By Mr. Ilsley:

Q. When you are showing the cost of the goods, you count the \$833,000 as part of the cost?—A. We have eliminated it in the statements which we are giving, and which the company included as part of the cost.

Q. To the departments?—A. To the departments.

By Mr. Sommerville:

Q. When the department manager gets his statement of cost, the department's costs are all increased by the amount of the total \$833,000?—A. What happens is, when an invoice comes in, the invoice shows the purchase price of the merchandise, the sales tax, and the amount is added to it to take it up, $1\frac{1}{2}$ per cent or $2\frac{1}{2}$ per cent; it varies.

By Mr. Ilsley:

Q. It just gave you a lot of work? You had to deduct that \$833,000—
—A. Yes.

Q. —in order to get a fair picture of the mark-up?—A. Yes.

Q. That is the reason we are going into this now?—A. That is right.

Q. The reason they did it was that they were not getting enough from the departments without it, to cover the cost—I am not expressing it very well—to cover the proper charges of the departments.—A. In the books of the company they consider any departments which sell merchandise to an employee, sells to the employee at a discount of 10 per cent, and head office make a contribution in the books to the department of that 10 per cent; they give them credit for it, and they charge that 10 per cent up against one of the head office expenses, and in order to offset that expense in the head office books, they add on this $1\frac{1}{2}$ per cent to the department, and then one offsets the other to some extent.

Mr. FACTOR: Does that not enter into the make-up of the mark-up, this \$833,000?

The WITNESS: No; we have eliminated it.

By Mr. Sommerville:

Q. Mr. Gordon, the \$772,000 that is shown as the operating profit of the merchandising companies, C-5— —A. Yes?

Q. That is the net amount?—A. Yes.

Q. And that is after deducting the charges made against the company for rent?—A. Yes.

Q. And after deducting the bonuses given to officials?—A. No.

Q. And salaries?—A. No; they are shown in the supplementary expenses down below.

Q. Is not there a substantial portion of the bonuses and salaries charged to the departments?—A. Yes, the salaries of the department manager are charged to the departments, and the bonus of the assistant department managers are charged to the departments, but the bonuses of the department managers themselves are not.

Q. That is, the department manager's bonus that is additional to his salary, is not charged directly to the department itself, but is to be found in those supplementary expenses?—A. Yes.

Mr. FACTOR: Is not there a statement showing how this amount of \$772,000 is made up in detail?

The WITNESS: Look at statement D-1 and you will see.

Mr. SOMMERVILLE: What you want to know is how they arrive at \$772,000?

Mr. FACTOR: Yes.

Mr. SOMMERVILLE: It is arrived at in this way, by taking D-1, which covers all of those operating companies.

The WITNESS: All of the operating units of the T. Eaton company.

Mr. SOMMERVILLE: Throughout the country. Then, to get that breakdown still further, you have to go to statement F-1?—A. Statement F-1 will show you the Toronto stores departmental operating statements.

Mr. FACTOR: We are coming to that?

Mr. SOMMERVILLE: Yes.

The WITNESS: We are working down towards it. Employees in the past were allowed a discount of 10 per cent on all merchandise purchased from the company; this was reduced to 5 per cent in July, 1932. The discount of 25 per cent allowed to the direct descendants of the late Mr. Timothy Eaton has not been reduced. It is the company's policy to allow the departments to take credit in the trading accounts of the merchandising companies for the full amount of the sales to employees, the discount being shown as a charge to supplementary expenses in the private books of the company. This discount amounted to \$886,000 in the year ended 30th January, 1930, and to \$291,000 in the year ended 11th January, 1934.

Mr. FACTOR: Do you know how many employees enjoy these discounts?

The WITNESS: No. Any employee of the company can buy merchandise from the company at 10 per cent less than the regular price.

Mr. SOMMERVILLE: It is 5 per cent now. It used to be 10 per cent and was reduced to 5 per cent in July, 1932?

The WITNESS: Yes.

Comparative Operating Statement—T. Eaton Company, Limited.

As already stated, the T. Eaton Company, Limited, operates the Toronto stores and mail order division, the Winnipeg store, the Winnipeg mail order division, the western groceterias and many other units. The comparative results of the company's operations are shown in statement C-5 in total. An analysis showing the operating results of each unit of the T. Eaton Company, Limited, is shown in statement D-1, for the period 23rd January, 1925, to 11th January, 1934. It will be seen that the Toronto mail order, the Winnipeg store, Winnipeg mail order division, Winnipeg factory and Manchester Grey Department are the only units which have shown a profit in every year.

By Mr. Sommerville:

Q. In every one of the nine years?—A. Every one of the nine years under review.

Q. The mail order at Toronto shows a profit and the Winnipeg store and Winnipeg mail order have always shown a profit and the Winnipeg factory has always shown a profit?—A. Yes.

Mr. HEAPS: What do they produce at the Winnipeg factory?

Mr. KENNEDY (*Winnipeg*): They print catalogues, do they not?

The WITNESS: It is not a large factory—shirts and coats.

Mr. KENNEDY (*Winnipeg*): Have they not a printing plant there too?

The WITNESS: Yes, they have. The Toronto stores have shown losses for the last three years; the Toronto factory losses for the last four years; operations of the Ontario Groceterias have always resulted in a loss, etc.

Mr. SOMMERVILLE: That is, ever since they were established?

The WITNESS: Yes.

Mr. KENNEDY (*Winnipeg*): What do you say about this question of loss?

The WITNESS: That is a loss after providing for depreciation.

Mr. KENNEDY (*Winnipeg*): After paying for a lot of things.

The WITNESS: We are taking each one of these units one by one and showing what the results were in detail, but it is impossible to put it down on the one statement, there are so many different units.

It will be seen that the operations of some of the western stores opened in 1920 and 1929 have been unprofitable.

The notes on these have not been printed as they are more or less of a descriptive nature. The Eaton Realty Company, Limited, was incorporated under the Dominion Companies Act on the 8th March, 1929, with an authorized capital of \$24,000,000 divided into 120,000 ordinary shares of \$100 each and 120,000 non-voting convertible shares of \$100 each. The non-voting convertible shares are convertible at any time at the option of the holders thereof into 6 per cent cumulative preferred shares on a share for share basis. 40,000 fully paid ordinary shares and 120,000 non-voting convertible shares have been issued. In addition the Company sold \$12,000,000 First Mortgage 5 per cent Sinking Fund 20-year bonds, Series "A", dated 1st April, 1929, to the public, the net proceeds to the Company amounting to \$11,157,600.

In 1929 it acquired the greater part of the T. Eaton Co. Limited properties. The actual transfer of the fixed assets, however, was first made by the T. Eaton Co. Limited to Messrs. J. J. Vaughan and C. N. Mills, acting as trustees for the Estate of Sir John Eaton, who in turn sold the assets to the T. Eaton Realty Company, Limited.

The transactions took place simultaneously. In order to describe it, if I deal with the transfer to the estate first and then with the transfer from the estate to the Realty Company I think that is the best way to do it.

Sale of Fixed Assets to the Estate of Sir John Eaton

The consideration for the sale of the T. Eaton Co. Limited properties to Messrs. J. J. Vaughan and C. N. Mills (Trustees for the Estate of Sir John Eaton) was as follows:—

- (1) The proceeds from the sale of the \$12,000,000 bonds to be issued by the Realty Company;
- (2) The debt of the Realty Company for \$11,948,237;
- (3) 40,000 Ordinary Shares of the Realty Company.

They did not pay cash for the full amount of the assets transferred to them, and that is why there is a debt of \$11,000,000.

This was approved by the shareholders of the T. Eaton Company, Limited, on 5th March, 1929.

By Mr. Sommerville:

Q. The transfer was on the basis of \$23,948,000 plus 40,000 ordinary shares?—A. Yes.

Q. And of the \$23,000,000, \$12,000,000 was to be paid off from the proceeds of the \$12,000,000 bonds?—A. Yes.

Q. And then there was a debt remaining of \$11,948,000?—A. Yes.

The result of the T. Eaton Company, Limited, or this sale to the estate may be summarized from the entries made in its books as follows:—

Net book value of assets sold.. . . .	\$23,072,776 08
Consideration—	
Proceeds from sale of bonds by T. Eaton Realty Company Limited (cash)	\$11,157,600
40,000 common shares T. Eaton Realty Company Limited—valued on the books at	4,000,000
Due by T. Eaton Realty Company Limited .. .	11,948,237
	<hr/>
	27,105,837 00
	<hr/>
Amount transferred to capital surplus	\$ 4,033,060 92
	4,000,000 00
	<hr/>
Leaving a balance to offset the expenses of the appraisal, etc., of.	\$ 33,060 92

That small balance of \$33,000 odd was used to pay for the expenses of the sale and so on.

Q. And that transfer of \$4,000,000 of it we saw this morning had been allowed?—A. Shown with the reserves.

Q. As having been taken up by the depreciation in value?—A. Yes. Now, in connection with the \$4,000,000 odd the next paragraphs deal with the provision for depreciation of fixed assets of the T. Eaton Company, Limited, prior to the sale.

Provision for depreciation of fixed assets by the T. Eaton Co. Limited

It was not the practice of the T. Eaton Co. Limited to provide for depreciation of its fixed assets on any regular basis in the private books of the Company—that is from 1891 to 1929—

Round amounts were written off the book value of these assets from time to time, the write-offs varying from year to year. The Company kept a memorandum record, however, showing the cost of the various assets and the amount of depreciation which was charged to the departmental expense from year to year. The depreciation charged the departments was considerably less than and bore no relationship to the round amounts written off the book value of the assets in the private books. The Company's officials state that the rates used in estimating the depreciation charged against the departments were conservative, and if anything were more stringent than was necessary.

In other words, in the private books they wrote off more depreciation than they really had to.

Q. That is not conservative; that is liberal?—A.—

The cost of the assets sold in 1929 less depreciation at the rates charged to the departments from year to year, exceeded the net book value of these assets shown in the private ledger after deducting the round amounts written off from time to time by over \$3,500,000. Since the depreciation charged the departments appeared to be adequate, this \$3,500,000 would represent an over-provision for depreciation in the private books.

Q. They had charged adequate depreciation to every department in connection with merchandising?—A. Yes.

Q. And this is an additional \$3,500,000?—A. Had the book values not been reduced by this over-provision, there would have been only a small difference between the book values and the sale price of these assets and the profits shown would consequently have been negligible.

In other words, the T. Eaton Company did not make any profit of \$4,000,000 when they sold the assets to the estate because they had written off more than was necessary in the earlier years.

Now, the next section of the transaction deals with the sale by the estate to the T. Eaton Realty Company Limited.

Sale to the T. Eaton Realty Company Limited.

The Sir John Eaton Estate in turns sold these assets to the T. Eaton Realty Company Limited at a price based upon an appraisal made by the National Trust Company 13th February 1929 to 2nd April 1929. The properties were appraised by the National Trust Company at a net value of.... \$39,377,862

In addition the following assets were transferred which were not included in this valuation—

Regina Stables.....	9,500
Amount expended on the construction of the College Street Store, Toronto.....	948,237
	<hr/>
	\$40,335,599
	<hr/>

Q. At that point. These assets that were valued for an appraised value of \$39,377,862 were the same assets that had a net book value of \$23,000,000 above referred to?—A. Yes.

Q. When they were transferred from the Eaton Company to the trustees of the Eaton estate?

Mr. ILSLEY: And on a value which might very well have been a book value of \$27,000,000?

The WITNESS: Yes, that is right.

By Mr. Sommerville:

Q. And that value then under appraisal became \$39,000,000 odd?—A. Yes. These assets were sold to the T. Eaton Realty Company, Limited for \$39,948,237. That is slightly less than their appraised value—the consideration being first of all the amount that the Realty Company had to pay to the T. Eaton Company Limited, \$27,105,837—and that was three different items: the proceeds from the bond issue, the debt of \$11,900,000, and the 40,000 ordinary shares, common shares \$4,000,000; and secondly, the issue to the Sir John Eaton estate or its nominees of 120,000 non-voting convertible shares fully paid, \$12,000,000, the total of that being \$39,105,837, leaving a difference of \$842,400. This difference was credited to surplus account in the books of the T. Eaton Realty Company Limited and used to offset the discount at which the bonds were sold to the public.

By Mr. Factor:

Q. These assets that were transferred to the Realty Company were then appreciated to the extent of sixteen less four—\$12,000,000 in the second transaction?—A. Yes.

By Mr. Sommerville:

Q. And for that 120,000 non voting convertible shares issue. Will you continue?—A. While two steps were taken in transferring the assets from The T. Eaton Company Limited through the estate to the T. Eaton Realty Company Limited, these were taken simultaneously. The net result was that the assets were shown on the books of the new Company at approximately \$16,000,000 more than the figure at which they stood on the books of the T. Eaton Company Limited. \$4,000,000 of this difference was transferred to Capital Surplus in the books of The T. Eaton Company Limited and, as already stated, was largely represented by excess depreciation written off in the private books in earlier years. The balance of \$12,000,000 was represented by the issue to the estate of Sir John Eaton of non-voting shares in the new company (which are convertible at any time into 6 per cent cumulative preference shares.) No dividends have been paid on these shares.

By Mr. Factor:

Q. This \$12,000,000 of issued shares to the estate of Sir John Eaton did not affect the profit and loss account in any way, if there were no dividends paid on it?—A. It has not.

Mr. SOMMERVILLE: No, it has not.

Mr. NASH: I think the reason for having the appraisal made was that, when they sold a large block of bonds like \$12,000,000, they desired the public to know what the then value of the company's assets was as determined by appraisal, and this resulted in their showing the company's assets at the increased amount put in their books.

The WITNESS:

Comparative Balance Sheets:

Statement No. E1 shows the assets and liabilities of the T. Eaton Realty Company Limited at the end of July, 1929, 1930, 1931, 1932 and 1933 and also at 11th January, 1934. It will be seen that the fixed assets have increased

by over \$7,500,000 since 31st July, 1929. Over \$6,700,000 of this represents expenditures on the construction of the College Street store.

A depreciation reserve of \$4,874,000 was accumulated by this Company during the period 1st April, 1929, to 11th January, 1934. The provisions for depreciation charged to the company's Profit and Loss account were at the following rates:

Do you want me to read that?

Mr. SOMMERVILLE: Well, it could be copied, but the reporter has not got that.

By the Chairman:

Q. What is the rate of depreciation, and upon what figure is it applied? Take last year, if you like?—A. Well, perhaps I had better read this.

Q. All right?—A. Provision at the following rates: Buildings at $2\frac{1}{2}$ per cent of the appraised value; plant and mechanical equipment at 10 per cent of the appraised value until 30th July, 1931, after which the rate was reduced by $\frac{1}{3}$ to $6\frac{2}{3}$ per cent. This latter figure is approximately the average of rates determined by the company's construction engineer for the various classes of assets comprising plant and mechanical equipment.

Q. Yes, but what I asked and what I would like to know is to what amount of valuation was the $2\frac{1}{2}$ per cent applied?

By Mr. Sommerville:

Q. That is to say, the appraised value of the buildings. The land and buildings were shown before transfer at \$23,000,000; their appraised value was shown at \$39,000,000. That is land and buildings?—A. Yes.

Q. How is that broken up as between land and buildings? You can get that later if you will?—A. We have the details; it is just a question of looking them up.

By Mr. Heaps:

Q. Do you put the same on all buildings, the same $2\frac{1}{2}$ per cent, irrespective of the character of the buildings?—A. Yes, I think they use $2\frac{1}{2}$ per cent. They use $2\frac{1}{2}$ per cent throughout.

Q. Take a building like the new store at Yonge and College. Does it not seem like a rather high figure?—A. Forty years?

Mr. FACTOR: The government allows that, forty years.

By Mr. Heaps:

Q. But on that building, what do you say?—A. Well, $2\frac{1}{2}$ per cent is the usual rate allowed on buildings. It may be high.

Mr. KENNEDY (Winnipeg): Irrespective of the construction of the building.

The CHAIRMAN: The rate is higher for wooden buildings.

The WITNESS: There is a higher rate allowed on frame buildings.

By Mr. Heaps:

Q. It the $2\frac{1}{2}$ per cent a kind of minimum to cover all buildings?—A. Yes.

Mr. FACTOR: Mr. Heaps, for income tax the government allows $2\frac{1}{2}$ on solid brick buildings, irrespective of the construction.

Mr. HEAPS: You mean the T. Eaton Company is following the government's practice.

Mr. FACTOR: I am not saying that.

The WITNESS: As far as the calculation of the depreciation goes—

Mr. SOMMERVILLE: We will come to that. You will give us that later.

The WITNESS: The company's revenues (which practically all consist of the rentals charged to the T. Eaton Company Limited and its affiliated companies) exceeded its expenditures each year. As already stated, no dividends have been paid since the inception of the company and the balance of surplus on 11th January, 1934, amounted to \$3,130,000.

By Mr. Sommerville:

Q. That is, in the five years they have charged the T. Eaton Company Limited \$3,130,000 more than was necessary to run the realty company?—

A. Yes.

Q. And the basis of charging the T. Eaton Company Limited was a certain fixed amount, wasn't it?—A. Yes.

Q. The T. Eaton Company Limited had to pay all taxes. What else did they pay besides taxes?—A. They paid insurance and the other carrying charges.

Q. They paid all carrying charges?—A. Yes.

Q. So that the amount was a net amount paid to the realty company?—A. Yes. In calculating the rent chargeable to the operating company, the realty company would charge them a provision for depreciation at various rates, and the provision for interest on the capital invested.

By Mr. Ilesley:

Q. Excuse me, but would you repeat that?—A. The realty company, in calculating the rent chargeable to the operating company, worked it out on a basis that would provide first of all for depreciation on the fixed assets, and secondly for interest on the capital investment.

Q. They have accumulated a surplus of something over \$3,000,000 and paid no dividends. That is right, is it not?—A. Yes.

Q. If they had paid dividends equivalent to the interest on the capital investment, they would not have had more than is necessary, would they?—A. No, I don't think so.

Mr. NASH: It would not have made any difference. It would have been paid to the T. Eaton Company Limited.

Mr. SOMMERVILLE: It would have been paid to the T. Eaton Company Limited?

Mr. FACTOR: Yes.

Mr. NASH: To offset the charge of rent.

Mr. ILSLEY: Mr. Sommerville put his question in such a way as to make the answer appear to say that they had been charging too much to the operating company. Of course, it does not make any difference in the consolidation.

Mr. SOMMERVILLE: In the consolidation, it does not make any difference.

Mr. ILSLEY: No, but as between the two companies it might make some difference, perhaps.

The WITNESS: The statement of the profit and loss account shows that they received so much money in the way of rents.

By the Chairman:

Q. Is there any indication other than what you have just stated, the arbitrary figure that was fixed of the basis upon which that rental was calculated to the operating company?—A. Yes.

Q. Is there a per square foot basis, for instance?—A. Not in the rental charged by the realty company to the operating company. I can read this paragraph.

Q. All right, proceed with it, if you have it covered?—A. It reads:

Rental Charge

The rental which the Realty Company charges to The T. Eaton Co. Limited and its affiliated Companies is calculated as follows: —

- (1) A provision for interest at 6 per cent per annum on the appraised value of the land and buildings. The reserve for depreciation of the buildings which is being accumulated from time to time is not deducted when making this calculation. Interest is calculated at only 2 per cent per annum on vacant lands which are being used as parking stations; on all other vacant lands it is 6 per cent.

They make no deduction in the case of other vacant lands, but the valuable lands that are vacant are being used as parking spaces.

- (2) A provision for interest at 6 per cent per annum on the original appraised value (plus additions at cost) of the mechanical plant and building improvements after deducting therefrom the reserve for depreciation accumulated year by year.
- (3) A provision for depreciation at various rates on buildings, mechanical plant and improvements. The Company's Construction Engineer has estimated the life of each asset and calculated the rate of depreciation necessary to completely depreciate these assets during their remaining useful life.

They use those rates on the value of the assets in calculating that depreciation.

By Mr. Factor:

Q. Is the mechanical plant owned by the Realty Company?—A. Yes.

Q. That is part of the Realty Company?—A. It is really part of the building.

Mr. SOMMERVILLE: Heating, lighting, elevators, refrigeration and all that.

The WITNESS: Yes.

By Mr. Young:

Q. Where is this \$3,000,000 now?—A. That is part of the surplus of the T. Eaton Realty Company Limited.

Q. It is shown in the consolidated balance sheet?—A. Yes. These rates are used in calculating the amount of the depreciation to be included in the rental charge, but the total depreciation based upon these calculations does not agree with the provisions actually made in the Realty Company's records.

By Mr. Sommerville:

Q. What do you mean?—A. There are two different methods.

By the Chairman:

Q. If a substantial portion of this property were not being used to capacity or for the purpose for which it was originally designed, they still would charge a rental rate of 6 per cent on the capital invested?—A. Yes, sir, subject to certain allowances which I am coming to. The total rental charge is divided between each of the different units of the T. Eaton Company's business in such a way that each unit is charged with interest and depreciation on the fixed assets which it uses or occupies. In other words, they make these calculations in the Toronto store, and when the T. Eaton Company gets the rental charged it can transfer part of it to the Toronto store operations and part to Winnipeg, and so on.

By Mr. Sommerville:

Q. Before you come to that, just read that paragraph on depreciation that you omitted?—A. These rates are used in calculating—

Q. Yes, you read that sentence. Start in at "In 1933"?—A. In 1933 the original amount of depreciation charged in the rent to the T. Eaton Co. Limited and affiliated companies amounted to \$1,156,379, before making allowances on account of the College Street Store and Hamilton factory (referred to later), while the amount charged in the Profit and Loss Account of the Realty Company totalled \$1,057,128, a difference of \$99,251.

In calculating the rent chargeable to the operating company, they calculate their depreciation on a different basis to the one which they use in their own books.

Q. And that basis means that they charge \$99,000 more for depreciation in the calculation for rent than they do on their own books?—A. In the original calculation, but the calculation was reduced to make an allowance for College street.

By Mr. Factor:

Q. Mr. Gordon, did I understand you to say that the operating company pays all the taxes on the buildings, land and equipment?—A. It pays the taxes, does it?—A. Yes.

Q. And does it pay insurance?—A. Yes.

Q. And in addition to those two items, has to pay rentals based on the two rates of 6 per cent?—A. Well, interest on the value of the assets and provision for depreciation.

Q. That makes up the total revenue that the operating company pays?—A. Yes.

By Mr. Heaps:

Q. Do you show later on the exact amounts that are being paid for the various buildings?—A. Yes. In dealing with the Toronto store unit, for instance, we bring out the actual amount contributed.

The WITNESS: A reduction is made in the total rental charge of the Realty Company in the case of the College Street store which is not in a position to bear a heavy rental. The College Street store is one unit of a larger plan, and the amount expended on it includes the cost of the foundations which are excessive, or at least they are larger; the cost of the foundations is higher than the cost of some of the other floors and so on, and the departments up there are not considered to be in a position to pay a full rental based on these calculations.

By Mr. Sommerville:

Q. As a matter of fact, can you separate the College Street operations from the operations of the other two stores in Toronto?—A. No, sir.

Q. They are all combined?—A. Yes, sir.

Q. Can you give us the carrying charges of the College Street store and the charges in connection with the operation of that store compared to the other units?—A. I can give you the carrying charges of the College Street store.

Q. And you say there was a reduction made to them because they were not in a position or are not in a position to bear a heavy rental?—A. Yes.

By Mr. Factor:

Q. What do you mean, you cannot give the result of the operations separately?—A. Well, in the books of the company the operations of each department are shown separately, but a department operating in the College Street store may also be operating in the main store, or the annex store, and the result of its operations are all grouped together.

Q. But there are departments operating exclusively in the College Street store, are there not?—A. There may be if we can show those, but the furniture department is the main one, at least it occupies more space than any other department at the College Street store, and it also operates in the annex building and the results of the two are shown together.

The CHAIRMAN: All right.

The WITNESS: In the year ended January 11, 1934, an allowance was also made to the Eaton Knitting Company, Hamilton.

By Mr. Sommerville:

Q. That is, they got a reduced rental because they could not carry the rental bases on the above suggested plan?—A. Yes, sir.

Q. College Street store nor the Eaton Knitting Mills, Hamilton, could not carry 6 per cent on the appraised value plus the 6 per cent depreciation on equipment and the necessary depreciation on buildings?—A. Yes.

By Mr. Heaps:

Q. On the company's appraised value, how does it compare with the actual value or the actual cost?—A. The difference between the values at which those assets were carried on the books of the T. Eaton Company Limited and the values which are shown on the books of the Realty Company were \$16,000,000; that is what we have discovered.

The CHAIRMAN: We have just gone over that in great detail a moment ago.

The WITNESS: The original calculation on total rental chargeable for the year ended 11th January, 1934, amounted to \$3,859,000, and the two deductions from that were first of all on account of the College Street store; the full amount of interest and depreciation on that store came to \$883,600 and they only charged \$47,062.42, a difference of \$836,537.58.

By Mr. Sommerville:

Q. That is not represented by the difference in foundations?—A. Oh, no.

By the Chairman:

Q. That is in 1934?—A. Yes, sir.

Q. But in the preceding years, that is, in 1930, 1931, 1932 and 1933 they charged the full amount?—A. Not the full amount, but it fluctuated.

Q. Very nearly. Just let us get it right. In 1930 it was \$3,018,000; in 1931 it was \$3,742,000; in 1932 it was \$3,136,000; in 1933 it was \$3,068,000; and then in 1934 we have the drop to \$1,461,000.—A. That is only six months.

Q. Which is?—A. 1934.

Q. It does not say so here. It says period ended 11th January, 1934.

MR. SOMMERVILLE: The others are July.

The WITNESS: The Realty Company ends its year on a different date.

By Mr. Sommerville:

Q. But it is upon the same basis as that adopted for the other assets, the College Street store should pay a rental of \$883,000?—A. Yes.

Q. And the actual amount charged by the Realty Company to the College Street store is \$47,062.42?—A. Yes, sir.

Q. And the reduction was \$836,537?—A. Yes.

By Mr. Young:

Q. What was the value of the land on which that store was built, what did the land cost?—A. \$4,225,800.

Q. It was bought with a view to building what size of store there, how many stories were they going to put on it?—A. Well, they have completed one section. I have not seen the original plan, but if they plan to cover the whole lot it would mean a very considerable further addition.

Q. Several times as big as it is now?—A. Yes, if they build it.

By Mr. Sommerville:

Q. Four times the size of the present building?—A. About that.

By Mr. Young:

Q. And that is the reason they do not charge the full amount of that real estate against the portion that is operating?—A. Yes. The departments up there are occupying very expensive quarters and they are not in a position to bear the whole carrying charges.

By Mr. Factor:

Q. What difference do all these figures make when the consolidated revenue sheet shows the whole operating picture?—A. None at all.

By Mr. Sommerville:

Q. In the end the whole operation must carry the entire real estate picture?—A. Yes.

Q. Then the amount of rental chargeable to the Eaton Knitting Company Limited, Hamilton, according to calculation, was \$69,400 and the amount charged is \$29,400, making an allowance of \$40,000, and the total rental charged to the T. Eaton Company Limited and its affiliated companies being \$2,982,-662.42 for last year?—A. Yes, sir.

Q. If you will just continue then.—A. It will be seen from the above that only a very small charge is made on account of the College Street store, which is obviously insufficient for a reasonable provision for depreciation of the College Street properties. They only charged them \$47,000, at least the annual rental amounted to \$47,000 odd. The total rent charged by the Realty Company, however, is sufficient not only to provide for the depreciation of all its assets at the appraised values in April, 1929, plus additions since that date at cost including the College Street store, but also to take care of all its other expenses as indicated by the following summary of its Profit and Loss Account for the year ended 27th July, 1933:

Rentals received.. . . .	\$3,068,408 23
Provision for depreciation.. . . .	1,057,191 02
	<hr/>
	\$2,011,217 21
Interest on 5 per cent bonds due 1st April, 1949.. . . .	\$ 600,000 00
Interest on T. Eaton Co. Limited account at 5 per cent	723,542 97
All other expenses.. . . .	51,815 20
	<hr/>
	1,375,358 17

leaving a balance of \$635,859.04 over and above all its expenses and a provision for depreciation on all its assets.

MR. FACTOR: Is not the point to consider in connection with the operations of this Realty Company, so far as this committee is concerned, whether or not the appreciation of the assets of \$16,000,000, was a reasonable proposition, because that would affect the net operating profit or loss of the company? We have heard a lot in this committee about financial concerns appreciating their assets. The point for this committee to consider, Mr. Chairman, I think is whether or not that is proper.

The CHAIRMAN: Yes. As I was indicating a moment ago the method adopted of arriving at the rental is 6 per cent on the appraised value.

The WITNESS: Yes.

By the Chairman:

Q. Which appraised value includes your increase of \$16,000,000?—A. Yes, sir.

Q. Then the amount of that rental is charged back departmentally to the various departments with the exception of this adjustment on the College Street property, so that if you had your \$16,000,000 off that, that is, if it is right or wrong, you would have a much lower rental to charge to the departments and the departments naturally would show a higher return. As Mr. Factor says, there is a factor to be considered there as to whether or not that was a fair thing because it certainly is increasing the charge against the merchandising cost to the extent that \$16,000,000 is capitalized and interest is charged on it.

Mr. SOMMERVILLE: It affects the operation of the parent company.

Mr. ILSLEY: It is on that amount on which they made a profit of 1·5 per cent, that \$16,000,000.

The CHAIRMAN: Yes, it lessens your percentage of profit.

By Mr. Heaps:

Q. Who made the appraisal?—A. The National Trust Company.

The CHAIRMAN: While I think we should keep that in mind, the real test of the matter will come when we come to the question of mark-up, and since the writing up of these assets if the mark-up shows a wider range or wider spread then again we have reason to examine that with a view to seeing whether that was caused in part by the necessity of providing for these additional charges.

Mr. ILSLEY: They only made 1·5 per cent return though on that capital, surplus, etc.

The WITNESS: After providing for all this depreciation.

By Mr. Ilsley:

Q. After providing for all these things; it would look as if the mark-up was not excessive for giving them a fair return on their investment.—A. I think in order to consider the results of any of the merchandising departments it is necessary to know the full details of the expenses charged to them, and unless you start at the top and work down to the individual departments it is very difficult to explain the amounts that are charged to them.

The CHAIRMAN: Well I think we have got pretty clearly now the analysis of this situation.

Mr. SOMMERVILLE: All right, proceed.

The WITNESS: The next paragraph deals with the rent and space charges to the individual departments whether of a merchandising or of a service nature in the books of the T. Eaton Company Limited as opposed to the Realty Company.

By Mr. Sommerville:

Q. I suppose it does not make any difference whether it is charged to the department or to the general account, it all comes out of the merchandising profit or loss, it is all charged in that account ultimately.—A. Actually the amounts charged to departments prior to the sale to the Realty Company resulted in a head office profit.

Q. Yes?—A. After the sale to the Realty Company the amounts charged to the departments were not changed and they were not sufficient to meet this increased rental, so they amounted in a head office loss.

By Mr. Factor:

Q. The head office paid the Realty Company?—A. Yes.

By Mr. Sommerville:

Q. Whether there is a profit or a loss the amount charged is paid out of the results of the operating companies?—A. Yes, sir.

The CHAIRMAN: All right, proceed.

The WITNESS: The rentals charged to the departments of the various units of the T. Eaton Company are based on a definite charge per square foot of space occupied. The rates vary with the location, the best locations being charged the highest rates per square foot. The rates per square foot are recalculated and vary from period to period.

The rentals charged to the departments are considerably higher than the rent charged to the T. Eaton Company by the T. Eaton Realty Company as the former (that is the T. Eaton Company, Limited) has to provide not only for interest and depreciation on the fixed assets (represented by the rent paid to the Realty Company) but also for taxes, insurance and other space charges such a elevator and caretaking expenses which are borne by the T. Eaton Co. Limited.

The rental charges to the departments were not increased subsequent to the sale of the fixed assets to the Realty Company.

By Mr. Ilsley:

Q. Just a minute, perhaps I can clarify this in my mind; on page 7-g of what you were reading as printed you show the T. Eaton Company, or all the companies between them, made a percentage of net profit to the total capital of 1.5 per cent for the year ending the 11th January, 1934, that is 1933. Now, assuming just for the sake of argument, that that \$16,000,000 depreciation was not justifiable—that point was up a minute ago, that it was not justifiable—then the total capital surplus and reserve instead of being \$59,323,000 would have been \$43,323,000—that is correct, is it not?—A. Yes.

Q. Then, what would have been the net profit on that total capital surplus and reserves; it is just a simple mathematical computation?—A. Except the net profit would have been increased, because they would not have to have provided depreciation on that \$16,000,000.

By Mr. Sommerville:

Q. That \$16,000,000 was all depreciated?—A. If it had not been written up they would not have had to provide so much.

Mr. ILSLEY: The moment you take that into account it becomes a little more than a simple mathematical computation.

The WITNESS: Very much more.

The CHAIRMAN: It would be approximately 2 per cent, a little under 2 per cent.

By Mr. Ilsley:

Q. Instead of 1½ per cent it would have been only 2 per cent?—A. Yes, that is about right.

Q. The thing doesn't seem to make much difference then?—A. I think the only point is to bring out the changes in these space charges with respect to interest depreciation and rent.

Mr. FACTOR: What Mr. Ilsley meant is, even if you eliminate that 16 million dollar depreciation the net profit would only be one half per cent more.

The CHAIRMAN: You have overlooked one other item—it is a three-way calculation.

The WITNESS: The following summary shows the total rental charges to all the departments of the Toronto Main Store, Annex, Mail Order and Factory for the years 1928, 1930 and 1933 and the expenses which these rental charges had to cover. The rental charges to the College Street Store Departments have been deducted from the figures for the years 1930 and 1933 for the purposes of this comparison.

A total of \$16,439.73 charged to the Departments in 1933 for certain warehouses, etc., not owned by the Company is not included with the figures shown in the summary.

—	1928	Percentage to total rental charge	1930	Percentage to total rental charge	1933	Percentage to total rental charge
	\$	%	\$	%	\$	%
Rentals charged to all departments of the Toronto Section.....	2,519,235	.....	2,582,866	.....	2,694,683	.....
Less: Charges to departments of the College Street Store.....			88,560	.....	405,800	.....
	2,319,235	100	2,494,306	100	2,288,883	100
Space Charges (which include rentals charged to service departments) not including the College St. Store—						
Taxes.....	299,981	.....	318,344	.....	341,681	.....
Insurance.....	28,738	.....	26,345	.....	22,278	.....
Alterations and Repairs	119,710	.....	117,875	.....	28,468	.....
Light, Heat and Ventilation.....	246,247	.....	207,411	.....	154,904	.....
Other space charges.....	686,444	.....	654,275	.....	487,700	.....
	1,381,120	54.8	1,324,250	53.1	1,035,031	45.2
Balance available for provision for depreciation of and interest on capital invested in fixed assets (1928) or for rent payable to T. Eaton Realty Company Limited (1930 and 1933).....	1,138,115	.....	1,170,056	.....	1,253,852	.....
The provision for depreciation of and interest on capital invested in fixed assets (1928) or the rent payable to the T. Eaton Realty Company for the Toronto Main Store, Annex, Mail Order and Factory (1930 and 1933) was.....	1,040,124	41.3	1,551,015	62.0	1,579,822	69.0
The balance was credited (1928) or charged (1930 and 1933) to Supplementary Expenses in the private ledger of the Company.....	97,991	3.9	360,959	15.1	325,970	14.2

The Company's officials stated that the rates charged for floor space in 1933 were approximately the same as in 1928 and 1930 and that the reduction in the total charge to the departments of \$205,000 since 1930 would represent floor

space which was occupied in 1930 but which was not occupied in 1933 and could not therefore be charged for in that year.

The space charges (such as alterations, light, heat, etc.) have been reduced by \$289,000 since 1930. This saving had not been passed on to the departments.

The fact that the total rental charge to departments is insufficient to meet the space charges and the rent payable to the Realty Company does not, however, indicate that the departments are charged an inadequate rental. It is later shown that the total rentals charged to departments considerably exceeds the cost of the space charges plus a provision for depreciation based upon the cost of the fixed assets.

College Street Store

The cost to 11th January, 1934 of the College Street Store is made up as follows:—

Land—Store.....	\$ 2,835,526	
Parking lot.....	1,390,274	
		\$ 4,225,800
Building.....		5,676,888
Building Improvements		123,059
Mechanical Plant.....		1,879,720
		<u>\$11,905,467</u>

The space charges in the year ended 11th January, 1934 according to the Company's records (after eliminating rental charges to service departments included therein) were as follows:—

Taxes.....	\$ 165,549 31	
Insurance.....	3,888 66	
Alterations and Repairs.....	2,576 45	
Light, Heat and Ventilation.....	51,017 05	
Other space charges.....	71,789 22	
		\$ 294,820 69
A provision for depreciation on cost would be—		
On Buildings at 2½%.....	\$ 141,922 20	
On Building Improvements at 10%.....	12,305 94	
On Mechanical Plant at 6½%.....	125,213 80	
		<u>279,441 94</u>
		\$ 574,262 63
Rental charged to Departments for space occupied in College Street Store.....		387,443 11
Leaving a balance of carrying charges not charged to Departments of.....	\$ 186,819 52	

The rental charged to the Departments is sufficient to cover the space charges but is not adequate to provide for the full depreciation. As stated previously the total rent paid to the T. Eaton Realty Company Limited is more than sufficient to provide for depreciation of all the fixed assets owned by it, including the College Street Store and, therefore, the deficiency of \$185,819.52 which is not charged to the College Street Store departments, is provided by the other units of the business. The rental charges to the other units of the business were not increased however, subsequent to the construction of the College Street Store. Prior to this the rentals charged to these other units were sufficient to provide for all interest and depreciation and space charges and a substantial credit balance in addition which was deducted from supplementary expenses in the private records of the Company.

Q. That covers the question of the rental charge; but the fact is that somewhere either in the departmental accounts or in the general office the whole of the carrying charge large increase in fixed plants and equipment between 1926 and 1934 of an additional fifty odd million in land and buildings has to be carried by the operating company?—A. Yes.

Q. And that forms an unchangeable overhead amount that has to be provided for by the merchandising results of the company?—A. Yes. The only expenses there that could change are a few space charges, but the main items of expenses are uncontrollable.

Q. They are uncontrollable expenditures in the case of this large increase in land, plant and buildings. Now, Mr. Gordon, this morning you were referring to the amount of total charges, and among other things you referred to the salaries and bonuses of executives, supervisors and senior employees—statement C-8 what does that amount to in the gross charges that are made to the department; or that are made rather for these items?—A. The total at the bottom of C-8 shows the amount that was charged into the head office supplementary each year. It does not necessarily give a comparative figure, because in some years they would charge sufficient to make full provision, while in other years they did not make full provision.

Q. But these were the amounts that were charged as supplementary expenses?—A. Yes.

Q. That is the amount that was charged to the departments?—A. Yes.

Q. Now what do they amount to, the totals? What was that amount for the year ending 31st January, 1926?—A. The charge on the books was \$2,375,000.

Q. Yes, just give me that according to these years, please?—A. The only thing is they are not comparable you know, in order to get the comparable figure you have to take the amount at the top of the page.

Q. We will take these at the bottom first, then we will go back to those at the top of the page.—A. \$2,375,000; \$2,333,000.

Q. Wait a minute; that is right, that is for 1926?—A. Yes. \$2,826,000.

Q. Give the year?—A. For 1927. For 1928, \$3,108,000; for 1929, \$3,449,000; for 1930, \$2,059,000; for 1931, \$1,785,000; for 1932, \$2,345,000; and for 1933, \$1,905,000. Now, this morning I explained that in the books they had changed the policy of charging up the salaries and bonuses, and we had to make an adjustment in order to put this on a comparable basis, showing the amount charged against each year's operations. This bottom figure, I have just read out is the entry made in their books, but which is not comparable.

Q. In the company's books, of the payments made in those years?—A. Or provisions.

Q. For salaries and bonuses. You have them here, but for instance, what is that first line?—A. The salaries and bonuses paid to 40 executives and supervisors, including the president and directors in that calendar year.

Q. The top 40?—A. Yes, the top 40.

Q. The actual amount paid and charged?—A. The actual amount which the top 40 received from all sources in the calendar years.

Q. Give them to us?—A. In 1925 it was \$1,567,322; in 1926, it was \$1,643,538; 1927, \$1,782,617; 1928, \$1,890,275; 1929, \$2,191,854; 1930, \$2,131,976; 1931, \$2,085,450; 1932, \$1,697,587; 1933, \$1,357,321.

By Mr. Kennedy (Winnipeg):

Q. Dealing with those 40 top, have you, without mentioning names, the break-down so that you could tell us the top salaries and bonuses, and the lower ones. It works out to an average of about \$35,000 each.

The CHAIRMAN: More than that.

Mr. KENNEDY (Winnipeg): In the last year.

The CHAIRMAN: \$33,900.

By Mr. Kennedy (Winnipeg):

Q. Is that right?—A. Yes.

Q. It works out an average of \$35,000?—A. In the last calendar year.

Q. Can you break that up and tell us what the high, medium and low salaries were?—A. That information can be obtained from the officials of the company who are here. I have not that information.

Q. Do you not know what the highest one gets?

The CHAIRMAN: In other cases, we have not asked the details, except in one instance, where they brought the statement and submitted it to us; and if we could know from Mr. Gordon an indication—we have the average, we know what that is, it was \$39,000 in 1926, \$54,700 in 1930, \$33,900 in 1934—we could have that submitted to the committee privately.

Mr. KENNEDY (Winnipeg): That would serve the purpose, Mr. Chairman.

Mr. SOMMERVILLE: Then, what bonuses were paid to other employees, Mr. Gordon?

The WITNESS: Bonuses paid to the other employees were \$938,140.

Mr. FACTOR: What do you mean by "other employees," executive, etc?

The WITNESS: Yes, from the top 40 down to as low a grade as assistant department manager.

The CHAIRMAN: You do not know how many there are?

The WITNESS: No, I do not sir.

Mr. SOMMERVILLE: Have you an approximate figure? I suppose you will have that in the wage report.

By Mr. Kennedy (Winnipeg):

Q. Just before you go on, I should like to ask you this: The top 40 starts with the president, and those in that class and comes down to what classification?—A. They are the 40 individuals receiving the largest amounts. They would come down to the supervisors and possibly some department managers.

Q. Some department managers?—A. There is not a fine distinction between what they call a supervisor and a department manager.

Q. Most of your department managers and assistant department managers will come in this next classification to which you now refer in bonuses paid to other employees?—A. Most of them, yes. The salaries of the ordinary department managers are not included in this head office item. This is just the bonuses. In 1925 the other bonuses were \$938,140; 1926, \$915,370; 1927, \$1,149,280; 1928, \$1,476,685; 1929, \$1,643,809; 1930, \$1,492,023; 1931, \$1,467,994; 1932, \$1,052,187; 1933, \$923,767.

The CHAIRMAN: This last instance, it is bonus in addition to salary?

The WITNESS: Yes.

Mr. SOMMERVILLE: Those do not include salaries.

The WITNESS: No.

Mr. SOMMERVILLE: They are separate bonuses, pure and simple?

The WITNESS: Yes.

The CHAIRMAN: The first number, the 40 top, included salaries?

The WITNESS: Yes.

Mr. SOMMERVILLE: Give me those totals.

The WITNESS: \$2,505,462 in 1925; \$2,558,908 in 1926; \$2,931,897 in 1927; \$3,366,960 in 1928; \$3,835,663 in 1929; \$3,623,999 in 1933; \$3,553,444 in 1931; \$2,749,774 in 1932; and \$2,281,088 in 1933. Now, the balance of the statement is merely a reconciliation showing how much is charged to the departments, and how it gets into the various accounts.

The CHAIRMAN: It is now five minutes to six, and I think we shall adjourn. Committee will stand adjourned until eleven o'clock to-morrow morning.

Committee adjourned at six o'clock to meet Tuesday, June 12th at 11 o'clock.

APPENDIX

THE T. EATON CO. LIMITED

MEMORANDUM IN CONNECTION WITH THE COMPARATIVE CONSOLIDATED BALANCE SHEETS JANUARY, 1925, TO JANUARY, 1934

Statement C-1 which was prepared from the Company's records shows the Consolidated Balance Sheets of The T. Eaton Co. Limited and eleven of its subsidiary Companies for ten years from 22nd January, 1925, to 11th January, 1934. Only two of the eleven subsidiaries were in existence at 22nd January, 1925, the others having been incorporated subsequent to that date. The Companies and the dates on which they were included in the consolidation are as follows:—

The T. Eaton Co. Limited.....	22nd January 1925
The T. Eaton Drug Co. Limited.....	22nd January 1925
The Guelph Stove Co. Limited.....	22nd January 1925
The T. Eaton Co. Limited of Montreal.....	21st January 1926
The Purchaser's Finance Co. Limited.....	20th January 1927
Business Properties Limited.....	20th January 1927
Rideau Stores Limited.....	19th January 1928
(This Company discontinued operations the following year)	
The T. Eaton Co. (Maritimes) Limited.....	31st January 1929
The Canadian Department Stores Limited....	31st January 1929
The T. Eaton Realty Co. Limited.....	30th January 1930
The Canadian Stores Limited.....	14th January 1932
The T. Eaton House Furnishing Co. Limited..	12th January 1933

The assets and liabilities of seven small subsidiary Companies are not included in the consolidation, the investment in them being shown as "Investments in and advances to Subsidiaries." These Companies are as follows:—

- The T. Eaton Life Assurance Company
- The T. Eaton General Insurance Company
- The T. Eaton Company of France
- The T. Eaton Co. M.b.H.
- Two comparatively small Real Estate Companies
- The Eaton Delivery Co. Limited

The statement indicates that the book value of total assets increased from \$40,699,000 at 22nd January 1925 to \$107,745,000 at 29th January 1931 but subsequently decreased to \$100,035,000 at 11th January 1934.

Investments:

Investments, which chiefly consist of government and municipal bonds, have not varied greatly over the ten-year period. The Company's officials state that a large part of these investments are held as security for the employees' and customers' deposit accounts although they are not definitely ear-marked as being held for this purpose.

Accounts Receivable:

Accounts Receivable include chiefly the trade accounts of the merchandising companies and the outstanding deferred payment accounts on the books of The Purchaser's Finance Co. Limited.

Merchandise Inventories:

The Inventories increased from \$9,385,000 at 22nd January, 1925, to \$20,242,000 at 30th January, 1930, but have since decreased to \$15,817,000 at 11th January, 1934. The value of most of the merchandise carried decreases with age and it is the Company's practice to price the inventories at less than cost in order to arrive at what is considered to be the real value of the merchandise. In some years additional amounts were written off the estimated real value in the head office records before arriving at the figure at which the inventories were shown in the Balance Sheet. The difference between the cost of the inventories and the values at which they appear in the Balance Sheets are shown in Statement C-3 as "Special reserves not disclosed in the Balance Sheets."

Land, Buildings and Equipment less Depreciation:

The book value of the Company's land, buildings and equipment less provisions for depreciation has increased very considerably since 22nd January, 1925, as is shown by the following summary:

Net Book Value at 22nd January, 1925	\$ 12,498,000
Net Book Value at 11th January, 1934	63,330,000
	<hr/>
	\$ 50,832,000
Depreciation provided for during this period and deducted from the balances in the asset accounts— approximately	18,500,000
	<hr/>
Increase in book value of land, buildings and equip- ment	\$ 69,332,000
Included in this is an increased valuation placed upon certain assets sold to The T. Eaton Realty Co. Limited based upon an appraisal made in the early part of 1929—approximately	16,000,000
	<hr/>
The cost of additions to land, buildings and equip- ment during the period was approximately	\$ 53,332,000
	<hr/> <hr/>

These additions were partly financed by means of a mortgage of \$4,713,000 on the Montreal property and by the proceeds from the sale of \$12,000,000 5 per cent First Mortgage Bonds issued by the T. Eaton Realty Co. Limited. The balance of some \$36,000,000 was provided from the Company's own resources.

Mortgage Payable, Bonds and Debentures:

The mortgage payable amounting to \$4,713,000 at 11th January, 1934, is secured by the property in Montreal. The Bonds and Debentures outstanding include \$12,000,000 5 per cent First Mortgage Bonds of the T. Eaton Realty Co. Limited, \$400,000 10 per cent Bonds of The T. Eaton Co. Limited issued to certain employees in exchange for shares in the Company which were held by them, \$500,000 6 per cent Debentures of The T. Eaton Co. Limited issued to officials of the Company and \$6,011,000 5 per cent Debentures of The T. Eaton Co. Limited sold to employees. The Company has paid a higher rate of interest on both these classes of debentures than the stipulated percentage. Prior to 1930 interest was paid at the rate of 7 per cent per annum on all debentures; since 1930 the rate has been 6½ per cent.

Retirement and Benefit Fund:

The Employees' Retirement and Benefit Fund represents appropriations made from the Profit and Loss Account from time to time for the Directors on their retirement. There is no regular pension scheme in operation except for senior employees, but the company has voluntarily made retiring allowances to employees as outlined in the memorandum on wages.

Statement C-2 shows the assets and liabilities included in the Consolidated balance sheet at 11th January, 1934, classified by Companies after inter-company adjustments.

Net Worth:

Statement C-3 shows the approximate net worth of the business at book values according to the Company's statistical records. The book value of the net worth is represented by the capital, free reserves and surplus shown in the Consolidated Balance Sheets and by certain special reserves which do not appear therein. The statement indicates that the net worth increased from \$38,419,000 at 22nd January, 1925, to \$57,533,000 at 31st January, 1929. Since that date it has decreased to \$48,066,000 at 11th January, 1934, due to a reduction in the estimated special reserves not disclosed in the Balance Sheets.

Capital:

The original capital of The T. Eaton Co. Limited on the date of its incorporation, 8th July, 1891, was \$248,500, the balance in the surplus account at that date also being \$248,500. The capital shown in Statement C-3 represents the present issued capital of The T. Eaton Co. Limited (\$1,000,000) plus some directors' qualifying shares of the subsidiary companies.

Reserves:

The reserves are shown under the headings in which they appear in the books of the companies; the totals agree with the figures shown in the comparative consolidated Balance Sheets (Statement C-1). These reserves are described in the books as insurance reserve, building and equipment reserve, depreciation reserve, special reserve for promotion of business, etc. The officials of the Company have stated, however, that all these items are free reserves and represent part of the shareholders' interest in the business. It will be noted that the reserves increased from \$18,244,000 at 22nd January, 1925, to \$28,344,000 in January, 1929, and to \$33,394,000 in January, 1930. \$4,000,000 of the increase in the year ended 30th January, 1930, is represented by a capital surplus arising from the sale of the fixed assets to The T. Eaton Realty Co. Limited. At 11th January, 1934, the reserves appear in the balance sheets of the Companies at \$35,394,000.

Surplus:

The combined surplus accounts of the Companies have increased from \$1,987,000 at 22nd January, 1925, to \$7,108,000 at 11th January, 1934.

Special Reserves not disclosed in the Balance Sheets:

The special reserve for investments amounting to \$1,076,000 at 11th January, 1934, represents the difference between the amount at which these investments are shown in the Balance Sheets and their market values; at 14th January, 1932, the book value of the investments exceeded their market value by \$109,000.

The special reserve for inventories represents the difference between the cost of these inventories and the values at which they appear in the Balance Sheets. In order to arrive at a fair value of the merchandise inventories at any date it would perhaps be necessary to make some deduction from cost, particularly in the case of any slow-moving stock. To this extent the special reserve shown in Statement C-3 may be over-stated.

Prior to the sale of the fixed assets to The T. Eaton Realty Co. Limited the difference between their estimated and book values was shown as a special reserve in the records of the Company and amounted to \$10,929,000 at 31st January, 1929. In April, 1929, these assets were sold to The T. Eaton Realty Co. Limited and their book value was increased by approximately \$16,000,000 which more than offset the special reserve. \$4,000,000 was credited to capital surplus account in the books of The T. Eaton Co. Limited at the time the book values of these assets were increased and is included with the reserve account in the Balance Sheet. When the fixed assets were written up to their appraised values in the books of The T. Eaton Realty Co. Limited, \$12,000,000 in ordinary shares of that Company (which are convertible into preference shares) were issued to the Sir John Eaton Estate.

In January, 1926, a reserve of \$500,000 was provided out of profits against the investment in Subsidiary Companies and was deducted from the amount thereof in the Balance Sheet. This reserve was increased by further provisions made in following years until at 30th January, 1930, the Company had established a reserve of \$4,000,000 which was shown in the records as a special reserve. After 31st Jan., 1931, the Company's officials decided that due to the decline in real estate values, this reserve was necessary to provide for depreciation of the assets of the subsidiary companies and could not be shown as part of the net worth of the business.

Consolidated Surplus Account:

Statement C-4 shows the changes in the consolidated surplus accounts of The T. Eaton Co. Limited and eleven of its subsidiary companies from 22nd January, 1925, to 11th January, 1934. The amounts shown as having been transferred from the profit and loss account (see Statement C-5) are after giving effect to certain inventory adjustments, etc., and do not represent the true profits of the Company. These are referred to later.

The sundry minor adjustments shown in the statement arise from the fact that the figures throughout are shown in even thousands of dollars and these minor adjustments are necessary to bring the totals for the year into agreement with the Balance Sheet figures.

It will be noted that the dividends paid amounted to \$570,000 in the year ended 21st January, 1926; that they were increased to \$720,000 in each of the next three years and to \$820,000 in the year ended 30th January, 1930. Since that date they have shown a marked decrease to \$195,000 in each of the last two years. In addition a payment of \$940,000 was made to the members of the Eaton family in the year ended 31st January, 1929, (the Diamond Jubilee Year of the business). This distribution was not a dividend as it was made to the individual members of the family and not to the shareholders (the Sir John Eaton Estate, etc.).

Provisions made from time to time for the Employees' Retirement and Benefit Fund reserve and the amounts transferred to the various free reserve accounts are also shown in this statement.

THE T. EATON Co. LIMITED

MEMORANDUM IN CONNECTION WITH CONSOLIDATED STATEMENT OF PROFIT AND LOSS, 23RD JANUARY, 1925, TO 11TH JANUARY, 1934

Statement C-5 was prepared from the records of the Company and show the combined results of The T. Eaton Co. Limited and eleven of its subsidiary companies for the period 23rd January, 1925, to 11th January, 1934. In order to show a true comparison of the results of operations during the nine-year period the merchandise inventories have been adjusted to a cost basis in the statement. In the Company's books the inventories were reduced below cost by percentages which varied considerably from year to year and without the adjustment referred to the book figures do not reflect a fair comparison.

In the earlier years under review it was the Company's practice to provide at the end of the year for bonuses payable to directors and department managers which to some extent are based on the results of the year's operations. Full provision for bonuses payable was not made, however, at 29th January, 1931 or at the end of any of the next three years, the bonuses being charged to expenses in the year in which they were paid. The Company's officials state that they consider bonuses should in every case be charged to the expenses of the year in which they are actually paid and that this should be given effect to in any comparison of the operating results of different years. An adjustment has, therefore, been made to the profits or losses shown in Statement C-5 so as to include in the expenses of each year the bonuses actually paid out in that year.

The Statement shows the operating profit or loss of the merchandising companies, the net interest credited to Profit and Loss Account and the supplementary expenses. It also shows the net profit or loss of the non-merchandising companies, the adjustment referred to *re* bonuses payable and the total profit or loss before extra provisions for depreciation, inventory adjustments, etc. The Statement indicates that the Company made a profit after providing for depreciation but before provision of any special reserves, of \$5,196,000 in the year ended 21st February, 1926, that the profits increased in the next two years and amounted to \$8,081,000 in the year ended 19th January, 1928 and that they decreased very substantially in the next three years. A loss of \$2,454,000 was incurred in the year ended 14th January, 1932, and of \$2,075,000 in the year ended 12th January, 1933. A profit of \$878,000 was made in the year ended 11th January, 1934.

The relationship of the net profit or loss for the nine years ended 11th January, 1934, to the capital, surplus and reserves, including the special reserves not disclosed in the balance sheets (see Statement C-3) is as follows in thousands of dollars:—

	Capital Surplus and Reserves (State- ment C-3)	Ordinary Shares of T. Eaton Realty Co. Limited held by the Sir John Eaton Estate	Total Capital Surplus and Reserves	Net Profit or Loss (State- ment C-5)	Percentage of Net Profit or Loss to Total Capital etc.
	\$	\$	\$	\$	%
Year ended 21st Jan. 1926.....	38,419	.....	38,419	5,196	13.6
Year ended 30th Jan. 1927.....	41,361	.....	41,361	6,972	16.8
Year ended 19th Jan. 1928.....	46,854	.....	46,854	8,081	17.2
Year ended 31st Jan. 1929.....	55,010	.....	55,010	6,075	11.0
Year ended 30th Jan. 1930.....	57,533	.....	57,533	3,730	6.5
Year ended 29th Jan. 1931.....	54,871	12,000	66,871	959	1.4
Year ended 14th Jan. 1932.....	56,137	12,000	68,137	2,454	3.6
Year ended 12th Jan. 1933.....	48,566	12,000	60,566	2,075	3.4
Year ended 11th Jan. 1934.....	47,323	12,000	59,323	878	1.5

In the above summary the capital surplus and reserves are shown as at the beginning of each year; the profits or losses are after providing for depreciation of fixed assets but before provision of any special reserves.

As already stated, certain adjustments were made to the figures shown in the Company's records in respect to the valuations of the inventories and the provisions for bonuses in order that the operating results should reflect a true comparison. These changes are shown in Statement C-5 as an adjustment to the net profit or loss in order to arrive at the amount transferred to surplus account according to the Company's records.

The details of the interest added to the trading profits or losses of the merchandising companies are shown in Statement C-6. The interest revenue includes interest from investments, interest charged on accounts receivable, mortgages, exchange, etc. It also includes interest charged on advances to subsidiary companies, a large part of which is represented by the interest received from The T. Eaton Realty Company Limited. The largest credit to the account is represented by the interest charged to the departments on the capital invested in the various current and fixed assets used by them. This includes interest on merchandise inventories, interest on furniture and fixtures and, prior to the sale to the Realty Company in April, 1929, interest on the fixed assets (included in the rental charged to departments). After the sale of the fixed assets to the Realty Company the rental charged to the departments was used to offset the rent payable to the Realty Company and no part of it was credited to the interest account in the private books of the Company. This accounts for the large decrease in the years ended 30th January, 1930, and 29th January, 1931. The further decrease in the next three years is due to special reductions in the interest charges to certain operating units.

The interest expenditure includes interest payable on the bonds and debentures of The T. Eaton Co. Limited, the interest credited to employees' accounts, customers' D.A. accounts, bank interest, carrying charges on rented properties, etc. The interest accounts of the subsidiary companies are comparatively small and for this reason have not been analysed in detail in the statement.

Statement C-7 shows the details of the supplementary expenses which are not charged to the merchandising departments. These expenses are set out in considerable detail and the explanation shown in the Statement gives an indication of the nature of each of the items with the exception of the salaries and bonuses, which are shown in Statement C-8.

Commencing in the fall of 1931 the Company instituted a policy of adding an overhead percentage to all purchase invoices. This overhead charge was treated as part of the cost of the goods in the trading accounts of the merchandising departments and appears as a credit to the supplementary expenses in the private books of the Company. These credits are shown in Statement C-7 and amounted to \$833,000 in the year ended 11th January, 1934.

Employees in the past were allowed a discount of 10% on all merchandise purchased from the Company; this was reduced to 5% in July, 1932. (The discount of 25% allowed to the direct descendants of the late Mr. Timothy Eaton has not been reduced.) It is the Company's policy to allow the departments to take credit in the trading accounts of the merchandising companies for the full amount of the sale to employees, the discount being shown as a charge to supplementary expenses in the private books of the Company. This discount amounted to \$886,000 in the year ended 30th January, 1930, and to \$291,000 in the year ended 11th January, 1934.

Comparative Operating Statement—T. Eaton Co. Limited

As already stated, the T. Eaton Co. Limited operates the Toronto Stores and mail order division, the Winnipeg store, the Winnipeg mail order division, the Western Groceries and many other units. The Comparative results of

the Company's operations are shown in Statement C-5 in total. An analysis showing the operating results of each unit of the T. Eaton Co. Limited is shown in Statement D-1 for the period 23rd January, 1925, to 11th January, 1934. It will be seen that the Toronto Mail Order, the Winnipeg Store, Winnipeg Mail Order division, Winnipeg Factory and Manchester Grey Department are the only units which have shown a profit in every year. The Toronto Stores have shown losses for the last three years; the Toronto Factory losses for the last four years; operations of the Ontario Groceries have always resulted in a loss, etc. It will be seen that the operations of some of the Western Stores opened in 1928 and 1929 have been unprofitable.

HOUSE OF COMMONS, ROOM 368,

TUESDAY, June 12, 1934.

The Special Committee on Price Spreads and Mass Buying met at 11 a.m., Hon. H. H. Stevens, presiding.

Mr. Norman Sommerville, K.C., and Mr. W. W. Parry, K.C., of Toronto, appeared as counsel for the committee.

The CHAIRMAN: Order, gentlemen. The minutes of yesterday's meeting simply disclose the witness heard and certain documents filed. I will declare the minutes approved.

We will now proceed with the examination of the witness from where we left off, in connection with the audit of the Eaton establishment.

Mr. SOMMERVILLE: Just in opening, perhaps we might ask Mr. Nash, who was in charge of the audit, just the procedure that was adopted.

A. E. NASH, recalled.

By Mr. Sommerville:

Q. Yesterday, Mr. Nash, we started with the amount of the net profits of the Eaton Company?—A. Yes.

Q. That was the first figure that was ascertained?—A. That, together with the assets and liabilities, was the first figure that was ascertained.

Q. Then we proceeded to find out how that net profit was arrived at?—A. Yes.

Q. To arrive at the net profit, you took the cost of the goods that were purchased?—A. Yes.

Q. And added, to the cost, the expenses of selling?—A. Yes.

Q. You added also the cost, first in the department?—A. Yes.

Q. Then the next step was to show what was the gross mark-up?—A. Added for the business as a whole.

Q. For the business as a whole?—A. Yes.

Q. And then the next step was to ascertain what was the maintained mark-up?—A. Yes.

Q. That is correct?—A. Yes.

Q. The maintained mark-up, after the deduction of write-downs and all other allowances?—A. Yes.

Q. Then the next step in yesterday's proceeding was to show what costs are charged to that maintained mark-up, in order to get to the net profit?—A. Yes.

Q. That is the step we are proceeding with now?—A. Yes, that is the step we are proceeding with now.

Q. And in arriving at the examples that you are giving us of mark-ups throughout the departments, what policy did you adopt?—A. The policy that was adopted was to endeavour to select a representative number of cases which would be indicative of the practice or business of the department, and of the store or business as a whole. It was exactly the same principle and policy that was adopted in the case of every department store. Particular instructions were given that the examples to be taken and discussed would be within the range that would include some high, some low and some in the middle.

Q. And indicative of the range of mark-ups over the whole field?—A. Yes.

Q. A fair representation of the business as a whole?—A. Yes.

Q. That is the basis upon which the mark-ups were arrived at which are indicated in the sheets to be submitted to us to-day?—A. Yes.

WALTER L. GORDON, recalled.

By Mr. Sommerville:

Q. Before we proceed with your next report, Mr. Gordon, yesterday you indicated that the total expenses charged to head office or paid by head office was a sum of \$2,986,000?—A. Yes.

Q. That is against the whole organization?—A. Yes.

Q. And against this amount paid out by head office, there were head office net revenues from the departments of \$2,062,000?—A. Net revenues from interest charged to the departments and from other sources.

Q. The net revenue from interest was \$2,062,000?—A. Yes.

Q. That left a balance of \$924,000 borne by head office?—A. Yes.

Q. This \$924,000 is itself paid out of the net profits made by the operating departments?—A. Yes.

Q. So that in that way the operating departments bear the entire expenses?—A. Yes.

Q. Then all other expenses connected with the business are directly charged against the departments in one form or another?—A. That is correct.

Q. And those, of course, run into something like \$27,000,000?—A. \$27,000,000 for the five main units.

Q. Yesterday, as we were closing, we were dealing with the total salaries and bonuses paid to 40 executives. You were going to get the breakdown of that. Have you got it as yet?—A. That information we will have to obtain from the companies officially.

By the Chairman:

Q. They will not give it to you?—A. I have not got it, no.

Mr. SOMMERVILLE: What is the position in respect to that?

Mr. NASH: They don't refuse to give it. They would prefer that we should not present it for them.

The CHAIRMAN: We asked for it for the private use of the committee.

Mr. NASH: I have not yet been able to connect with them.

The CHAIRMAN: Any way, they have not given it to you?

Mr. NASH: No. Since yesterday I have not passed on your request for it for the private use of the committee. I intended to do so this morning, but I was unable to connect with them; so I would not like it to go on the record that they have refused. If they later do so, I will so report.

Mr. SOMMERVILLE: Now we will proceed with the memorandum in connection with the operations and expenses of the Toronto stores:—

STATEMENT No. F-1

Page No. 1

THE T. EATON CO. LIMITED

TORONTO STORES DEPARTMENTAL OPERATING STATEMENT FOR THE YEAR ENDED 11TH JANUARY 1934

Departments	Sales	Cost of Sales	Gross Profit Percent- age on Cost	Work- room Wages	Net Gross Profit	Net Gross Profit Percent- age on Cost	Expenses charged to Cost of Sales in Com- pany's Records	Net Gross Profit per Com- pany's Records	Depart- mental Expenses as per Com- pany's Records	Net Depart- mental Profit or Loss per Com- pany's Records
	\$	\$	%	\$	\$	%	\$	\$	\$	\$
A-10 Hosiery, Repairs, Umbrellas..	880,868	616,663	42.8	5,219	258,986	42.0	7,925	251,061	217,225	33,836
A-14 Men's Hosiery.....	161,479	110,495	46.1	262	50,722	45.9	2,662	48,060	44,953	3,107
A-20 Gloves.....	349,027	233,179	49.7	1,301	114,547	49.1	7,127	107,420	102,416	5,004
A-30 Handkerchiefs.....	135,223	83,594	61.8		51,629	61.8	3,092	48,537	50,186	1,649
A-32 Trimmings.....	199,187	124,892	59.5		74,295	59.5	3,617	70,678	87,071	16,393
A-40 Millinery.....	64,557	37,754	71.0	4,883	21,920	58.1	1,492	20,428	33,367	12,939
A-42 Ready-to-Wear.....	108,435	65,139	66.5		43,296	66.5	2,105	41,191	52,453	11,262
A-44 Millinery to \$4 95.....	188,824	111,924	68.7		76,900	68.7	2,682	74,218	72,214	2,004
A-46 Children's Millinery.....	53,992	30,689	75.9		23,303	75.9	681	22,622	25,316	2,694
A-48 Flowers, Ribbons.....	76,181	38,444	98.1	252	37,485	97.5	1,737	35,748	34,820	928
B-10 Books, Encyclo. Britt.....	236,197	172,767	36.7		63,430	36.7	4,530	58,900	81,941	23,041
B-30 Pens, Stationery.....	337,313	215,789	56.3	2,034	119,490	55.4	5,138	114,352	120,280	5,928
C-10 Underwear.....	669,441	451,148	48.4		218,293	48.4	9,691	208,602	170,698	37,904
C-16 Aprons, Uniforms.....	168,762	114,411	47.5		54,351	47.5	1,782	52,569	52,275	294
C-20 Corssets.....	344,265	220,077	56.4		124,188	56.4	4,538	119,650	92,557	27,093
C-30 Infants' wear and Children's to 6 years.....	504,664	342,297	47.4		162,367	47.4	6,271	156,096	165,599	9,503
C-32 Middies, Skirts, Sweaters.....	115,208	78,014	47.7		37,194	47.7	1,701	35,493	35,447	46
C-33 Girls' Garments.....	158,828	105,811	50.1		53,017	50.1	2,497	50,520	61,399	10,879
D-12 Perfumes.....	339,986	246,503	37.9		93,483	37.9	5,828	87,655	81,827	5,828
D-14 Brushes and Combs.....	149,522	97,517	53.3		52,005	53.3	2,119	49,886	49,988	102
D-18 Soaps, Household Sundries.....	209,741	161,911	29.5		47,830	29.5	1,775	46,055	54,626	8,571
D-20 Candles.....	288,589	208,608	38.3		79,981	38.3	7,158	87,139	97,501	10,362
D-30 Cameras.....	82,773	37,701	119.0	14,691	30,291	80.2	1,478	28,813	27,091	1,722
D-32 Photo Studio.....	17,041	2,560	565.7	6,676	7,805	304.9	71	7,734	7,426	308
D-40 Artists' Supplies.....	14,916	7,838	90.3		7,078	90.3	405	6,673	5,945	798
E-10 Georgian Room.....	346,149	141,961	143.8		204,188	143.8	666	203,522	212,126	8,604
E-16 Lunch Room.....	112,470	55,211	103.7	5,981	51,278	92.9	204	51,074	53,372	2,298
E-18 Emp. Lunch Room.....	10,930	5,691	92.1		5,239	92.1	24	5,215	5,215	
E-20 Cafeteria 5th floor.....	155,580	4,370		44,123	107,087		744	106,343	98,086	8,257
E-22 Basement Cafeteria.....	129,148	64,802	99.3		64,346	99.3	213	64,133	58,731	5,402
E-23 Employees' Cafeteria.....	61,186	27,954	118.9		33,232	118.9	153	33,079	33,079	
E-30 Groceries.....	1,403,574	1,158,356	21.2	2,424	242,794	21.0	927	243,721	300,111	56,390

T-32	Seeds, Chicken feed.....	165,229	116,071	49,158	42.41	3,683	45,475	39.2	1,127	44,348	50,084	5,736
E-34	Groceries.....	484,190	419,883	64,307	15.3	.....	64,307	15.3	2,576	67,064	75,531	8,467
E-40	Fruits, Vegetables.....	280,292	280,292	104,395	37.2	.....	104,395	37.2	2,076	104,319	118,804	16,485
E-50	Meats.....	577,117	432,304	144,813	33.5	6,800	138,013	31.9	3,712	134,301	194,682	60,381
E-51	Reserve Stock for Meats.....	.....	501	.....	.....	.....	501	.....	209	710	.....	710
E-52	Carry and Save Meats.....	244,415	192,026	52,389	27.3	.....	52,389	27.3	599	51,790	66,336	14,546
H-70	China, Glassware.....	420,510	250,232	170,278	68.0	.....	170,278	68.0	8,527	161,751	209,233	47,482
H-72	Economy China.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
H-80	Hardware.....	220,117	155,288	64,829	41.7	.....	64,829	41.7	2,730	62,099	70,661	8,562
H-82	Woodware.....	534,862	351,498	183,364	52.2	.....	183,364	52.2	7,134	176,230	200,452	24,222
H-84	Stoves and Plumbing.....	218,000	159,442	58,567	36.7	.....	58,567	36.7	3,015	55,552	69,219	13,667
H-88	Workroom for 80-84.....	19,551	9,684	9,867	.....	10,351	484	.....	159	643	2,203	2,846
J-10	Jewel Shop.....	107,372	66,810	40,562	60.7	.....	40,562	60.7	1,470	39,092	36,870	2,222
J-12	Silverware, Watches, Clocks.....	470,088	314,676	155,412	49.3	8,952	146,460	46.5	8,807	137,653	151,257	13,604
J-14	Watch and Clock Workroom.....	.....	.....	31,605	.....	28,755	.....	.....	71	2,779	1,941	838
J-16	Novelty Costume Jewelry.....	113,886	72,139	41,697	57.8	94	41,603	57.6	2,428	39,175	42,170	2,995
J-24	Jewelry repair desk.....	94,456	62,600	31,856	50.9	.....	31,856	50.9	429	31,427	28,124	3,303
J-30	Antique Silver.....	14,659	9,648	5,011	51.9	.....	5,011	51.9	141	4,870	5,545	675
J-40	Leather Goods.....	213,969	137,822	76,147	55.2	.....	76,147	55.2	4,685	71,462	71,580	118
J-44	Gift Shop.....	5,171	7,409	2,238	.....	.....	2,238	.....	420	2,658	6,441	9,099
J-50	Optical.....	178,090	82,311	95,779	.....	17,743	78,036	94.8	1,535	76,501	48,166	28,335
M-10	Neckwear, Belts.....	151,040	99,800	51,240	51.3	.....	51,240	51.3	2,359	48,881	48,724	157
M-12	Men's Shop.....	120,407	82,319	38,088	46.3	.....	38,088	46.3	1,851	36,237	33,040	3,197
M-14	Shirts.....	353,814	251,074	102,736	40.9	.....	102,736	40.9	4,504	98,232	93,699	4,533
M-16	Men's Underwear.....	382,231	258,964	123,267	47.6	.....	123,267	47.6	5,039	118,228	112,003	6,225
M-19	Men's Hats.....	138,200	89,548	48,652	54.3	.....	48,652	54.3	1,709	46,943	50,211	3,268
M-21	Boys' Furnishings.....	251,187	171,871	79,316	46.1	.....	79,316	46.1	2,063	77,253	85,101	7,848
M-31	Men's Suits, Coats, Pants.....	1,058,711	782,632	276,079	35.3	22,301	253,778	32.4	13,088	240,690	231,760	8,930
M-41	Custom Tailoring.....	16,123	6,751	9,372	138.8	6,134	3,238	48.0	455	2,733	10,841	8,058
M-51	Boys' Clothing.....	340,707	246,203	94,504	38.4	6,236	88,268	35.8	4,213	84,055	94,883	10,828
N-10	Notions.....	435,363	253,737	181,620	71.6	188	181,438	71.5	6,353	175,085	144,759	30,326
N-30	Hairstressing.....	115,427	13,350	102,077	.....	45,345	56,732	.....	500	56,232	35,504	20,728
N-32	Beauty Parlour (Annex).....	16,571	1,069	15,502	59.6	.....	166,680	59.6	5,485	161,195	157,471	3,724
N-20	Fancy Goods, W.R.....	446,279	279,599	166,680	44.5	5,352	205,545	44.5	9,066	196,479	192,317	4,162
N-22	Fancy Goods, W.R.....	.....	8,885	8,885	.....	.....	.....	.....	.....	.....	.....	.....
P-10	Silks, Dress Goods.....	667,327	461,782	205,545	44.5	.....	713	.....	713	.....	.....	.....
P-11	Reserve Stock for P-10.....	.....	.....	172,374	48.8	.....	172,374	48.8	8,788	163,586	161,701	1,885
P-20	Wash Goods, Cottons.....	525,957	353,583	172,374	40.5	.....	76,289	40.5	5,923	70,366	98,587	28,221
P-40	Linens.....	264,846	188,557	76,289	37.8	.....	30,908	37.8	2,552	28,356	42,297	13,941
P-42	Fancy Linens.....	112,680	81,772	30,908	35.7	.....	98,518	35.7	6,441	92,077	106,001	13,924
P-50	Bedding.....	374,764	276,246	98,518	65.7	.....	28,551	65.7	937	27,614	28,244	630
P-60	Patterns.....	72,011	43,460	28,551	129.3	9,169	3,729	37.4	39	3,690	1,882	1,808
P-64	Dressmaking.....	22,873	9,975	12,898	48.6	15,956	83,100	40.8	3,812	79,288	102,628	23,340
P-10	Radio's, Music.....	302,975	203,919	99,056	41.6	.....	125,753	41.6	5,311	120,442	96,953	23,489
S-10	Men's Shoes.....	427,868	302,115	125,753	40.1	.....	829	.....	804	.....	.....	35
S-12	Reserve Stock Shoes.....	.....	.....	176,141	41.3	.....	176,141	41.3	7,691	168,450	158,448	10,002
S-20	Women's Shoes.....	615,154	439,013	176,141	38.0	.....	114,435	38.0	5,774	108,661	110,824	2,163
S-24	Women's High Class Shoes.....	391,361	276,926	114,435	.....	.....	95,923	.....	3,332	92,591	95,287	2,696
S-30	Children's Shoes.....	348,549	252,626	95,923	.....	.....	.....	.....	.....	.....	.....	.....

Carried forward.....

STATEMENT No. F-1

Page No. 2

THE T. EATON CO. LIMITED

TORONTO STORES DEPARTMENTAL OPERATING STATEMENT FOR THE YEAR ENDED 11TH JANUARY 1934

Departments	Sales	Cost of Sales	Gross Profit	Gross Profit- age on Cost	Work- room Wages	Net Gross Profit	Net Gross Profit- age on Cost	Expenses charged to Cost of Sales in Com- pany's Records	Net Gross Profit per Com- pany's Records	Depart- mental Expenses as per Com- pany's Records	Net Depart- mental Profit or Loss per Com- pany's Records
	\$	\$	\$	%	\$	\$	%	\$	\$	\$	\$
Brought Forward.....											
S-40 Shoe Repair.....	40,072	3,444	36,628	56.6	28,097	8,531	56.6	178	8,353	7,442	911
T-10 Toys.....	232,891	148,675	84,216	41.3	.....	84,216	41.3	2,058	82,158	90,945	8,787
T-14 Wheel Goods.....	138,065	97,681	40,384	43.9	.....	40,384	43.9	1,692	38,692	50,563	11,871
T-20 Sporting Goods.....	385,342	267,807	117,535	45.2	.....	117,535	45.2	1,617	115,918	126,466	10,548
T-30 Luggage.....	116,763	80,400	36,363	21.4	.....	36,363	21.4	1,382	34,981	41,485	6,504
T-40 Tires.....	38,924	32,072	6,852	38.9	.....	6,852	38.9	583	6,269	7,697	1,428
T-42 Manager's Garage.....	53,537	38,636	14,901	35.6	6,510	8,391	35.6	551	7,840	3,865	3,975
G-10 Junior Misses' Dresses.....	146,879	105,712	41,167	33.8	.....	41,167	33.8	2,292	38,875	47,482	8,607
G-12 Misses' Dresses to and including \$10.95.....	217,623	156,841	60,782	38.7	.....	60,782	38.7	3,169	57,613	64,015	6,402
G-14 Misses' Dresses \$12.95 to \$29.50.....	121,642	89,685	31,957	35.6	.....	31,957	35.6	1,945	30,012	38,125	8,113
G-16 Misses' Women's Better Dresses.....	92,494	68,833	24,161	35.3	.....	24,161	35.3	4,350	19,811	31,362	11,551
G-18 Women's Dresses to and including \$29.50.....	295,104	220,200	74,904	34.0	.....	74,904	34.0	3,571	71,333	96,140	24,807
G-20 Women's Half Size Dresses.....	188,604	132,253	56,351	42.6	.....	56,351	42.6	2,384	53,967	49,340	4,627
G-24 Home Frocks.....	70,798	51,534	19,264	37.4	.....	19,264	37.4	1,373	17,891	29,168	11,277
G-52 Sweaters, Knit Suits, Dresses.....	211,771	148,535	63,236	42.6	.....	63,236	42.6	5,534	57,702	77,444	19,742
G-56 Negligee Shop.....	66,998	47,202	19,796	41.9	.....	19,796	41.9	1,576	18,220	21,614	3,394
G-30 Junior Misses' Coats.....	142,923	98,849	44,074	44.6	.....	44,074	44.6	1,947	42,127	39,346	2,781
G-32 Misses' Coats.....	230,957	160,087	70,870	44.3	.....	70,870	44.3	2,971	67,899	56,553	11,346
G-36 Women's Coats to and including \$39.50.....	173,156	124,429	48,727	39.2	.....	48,727	39.2	2,083	46,644	47,414	770
G-38 Women's Coats \$45.00 and up.....	95,145	68,444	26,701	39.0	.....	26,701	39.0	1,428	25,273	26,984	1,711
G-39 Women's Coats, Half Sizes.....	152,356	107,839	44,517	41.3	.....	44,517	41.3	1,738	42,779	34,401	8,378
G-50 Blouses, Skirts, Suits.....	228,145	159,510	68,635	43.0	.....	68,635	43.0	3,625	65,010	69,011	4,001
G-60 Furs to \$600.00.....	153,633	114,288	39,345	34.4	.....	39,345	34.4	2,333	37,012	43,750	6,738
G-62 Fur Storage, Repairs.....	73,146	36,749	36,397	35.2	.....	36,397	35.2	478	35,919	13,059	22,860
G-70 Self Serve.....	138,518	102,424	36,094	35.2	.....	36,094	35.2	1,554	34,540	31,972	2,568
G-80 Alteration Room.....	64,935	16,625	81,560	.....	67,348	14,212	.....	33	14,179	9,263	4,916
G-88 Dry Cleaning.....	42,372	6,678	43,050	41.2	25,308	17,742	41.2	152	17,590	12,825	4,765
L-12 Sundries.....	128,649	91,137	37,512	33.8	.....	37,512	33.8	1,931	35,581	30,971	4,610
L-14 Gloves, Hosiery.....	282,822	211,342	71,480	.....	.....	71,480	.....	3,706	67,774	47,274	20,500

L-16	Trunks, Bags, etc.	266,869	196,093	70,776	36-1	.....	70,776	36-1	1,022	69,754	50,126	19,628
L-24	Piece Goods, Fancy Goods.	189,716	143,010	46,706	32-6	.....	46,706	32-6	2,147	44,559	43,261	1,298
L-32	Boots and Shoes.	641,122	489,568	151,554	31-0	.....	151,554	31-0	9,245	142,309	112,497	29,812
L-40	Men's, Boys' Furnishings.	350,302	260,412	89,890	34-5	.....	89,890	34-5	4,107	85,783	58,390	27,393
L-44	Men's, Boys' Clothing.	227,785	173,866	53,919	31-0	.....	53,919	31-0	3,176	50,743	44,501	6,242
L-52	Women's, Misses' Eaton-made Garments.	176,835	137,543	39,292	28-6	.....	39,292	28-6	1,890	37,402	29,617	7,785
L-56	Women's, Misses' Outside Garments.	418,978	312,931	106,047	33-9	.....	106,047	33-9	6,103	99,944	86,736	13,208
L-64	Millinery, Corsets, etc.	460,116	327,087	133,029	40-7	.....	133,029	40-7	5,533	127,496	89,327	38,169
HF-10	Draperies, Chintz.	312,209	200,815	111,394	55-5	.....	111,394	55-5	6,037	105,357	136,343	30,986
HF-14	Curains.	203,336	128,390	74,946	58-4	.....	74,946	58-4	1,369	72,868	72,868	1,709
HF-15	Shades.	164,995	105,478	59,517	56-4	.....	59,517	56-4	2,699	56,818	58,523	1,709
HF-16	Reserve Stock for HF-14.	.....	4,617	4,617	.....	.....	4,617	.....	3,892	725	3,931	3,206
HF-17	Frilled Curtain W.R.	.....	3,717	3,717	.....	21,901	18,184	.....	1,234	19,418	6,751	26,169
HF-18	Drapery Workroom.	48,727	20,708	69,435	.....	57,123	12,312	.....	70	12,242	15,947	3,705
HF-40	Wallpaper.	159,782	88,338	71,444	80-9	.....	71,444	80-9	2,190	69,254	77,013	7,759
HF-44	Paints.	216,582	142,283	74,569	52-4	.....	74,569	52-4	3,134	71,435	70,406	1,029
HF-48	Decorating.	134,892	13,351	121,541	.....	109,232	12,309	92-2	869	11,440	29,886	18,446
HF-50	Pictures.	93,733	43,664	50,069	114-7	.....	36,908	84-5	820	36,088	46,342	10,254
HF-52	Fine Arts.	16,679	523	16,136	.....	13,161	16,156	.....	370	15,786	23,066	7,280
HF-54	Fine Arts.	3,202	1,713	1,489	86-9	.....	1,489	86-9	.....	1,489	2,788	1,299
HF-60	Electrical.	276,368	177,826	98,542	55-4	.....	81,521	45-8	3,535	77,986	106,175	28,189
HF-62	Canadian General Electric.	36,574	30,020	6,554	21-8	.....	6,554	21-8	526	6,028	2,719	3,309
HF-65	Lamps.	86,201	58,185	28,016	48-1	.....	28,016	48-1	971	27,045	42,366	15,321
HF-95	Contract.	260,521	234,486	26,035	11-1	.....	26,035	11-1	214	25,821	18,842	6,979
A-15	Umbrellas, Hose, Gloves.	132,777	93,554	39,223	41-9	.....	39,223	41-9	136	39,359	30,912	8,447
A-35	Purses, Handkerchiefs, Neckwear.	40,078	26,274	13,804	52-5	.....	13,804	52-5	54	13,750	14,005	255
A-45	Millinery.	27,175	15,273	11,902	77-9	.....	10,074	65-9	865	9,209	9,944	735
B-15	Books, Stationery, Gifts.	49,019	34,750	14,269	41-1	.....	14,269	41-1	342	13,927	16,804	2,877
B-25	Lending Library.	14,158	3,056	11,372	.....	.....	11,372	.....	10	11,362	9,494	1,868
C-15	Lingerie, Corsets.	69,161	46,004	23,157	50-3	.....	23,157	50-3	163	22,994	17,154	5,840
C-35	Children's, Infants' Wear.	83,809	56,560	27,249	48-2	.....	27,249	48-2	1,242	26,007	26,915	908
D-25	Candies.	22,000	15,733	6,267	39-8	.....	6,267	39-8	775	7,042	8,036	994
D-35	Eaton Studio.	11,766	1,797	9,969	.....	7,245	2,724	.....	54	2,670	6,538	3,868
F-15	Lunch Room, Emp. Cafeteria.	223,331	105,297	118,034	112-1	.....	118,034	112-1	883	117,151	138,476	21,325
N-35	Haundressing.	90,873	9,159	71,714	.....	32,525	39,189	.....	263	38,926	24,000	14,926
P-45	Linens, Bedding.	96,605	69,259	27,346	39-5	.....	27,346	39-5	284	27,062	30,528	3,466
R-25	Pianos.	96,742	59,395	37,347	62-9	.....	30,962	52-1	1,086	29,876	43,827	13,951
S-25	Shoes.	56,998	38,902	18,096	46-5	.....	18,096	46-5	440	17,656	14,886	2,770
G-25	Women's, Misses' and Juniors' Dresses.	85,198	61,580	23,618	38-3	.....	23,618	38-3	1,478	22,140	21,972	168
G-27	Ensemble Shop.	132,721	99,300	33,421	33-6	.....	33,421	33-6	1,416	32,005	30,357	1,648
G-87	Ensemble Shop Work Room.	26,195	4,025	30,220	.....	22,347	7,873	.....	1,021	6,852	2,060	4,792
G-35	Women's, Misses' and Juniors' Coats.	51,681	36,783	14,898	40-5	.....	14,898	40-5	710	14,188	13,102	1,086
G-55	Knit Goods, Sportswear.	47,647	33,511	14,136	42-2	.....	14,136	42-2	665	13,471	14,805	1,334
G-65	Specialty Fur Shop.	57,197	38,252	18,945	49-5	.....	18,945	49-5	999	17,946	20,810	2,864
Carried Forward												

Carried Forward.

THE T. EATON CO. LIMITED

TORONTO STORES DEPARTMENTAL OPERATING STATEMENT FOR THE YEAR ENDED 11TH JANUARY 1934

Departments	Sales	Cost of Sales	Gross Profit	Gross Profit- age on Cost	Work- room Wages	Net Gross Profit	Net Gross Profit- age on Cost	Expenses charged to Cost in Com- pany's Records	Net Gross Profit per Com- pany's Records	Depart- mental Expenses as per Com- pany's Records	Net Depart- mental Profit or Loss per Com- pany's Records
	\$	\$	\$	%	\$	\$	%	\$	\$	\$	\$
Brought forward.....											
HF92-10 Draperies.....	55,320	36,494	18,826	51.6		18,826	51.6	557	18,269	13,325	4,944
-14 Curtains.....	74,771	51,700	23,071	44.6		23,071	44.6	250	22,821	16,610	6,211
-15 Blinds.....	44,997	31,567	13,430	42.5		13,430	42.5	99	13,331	10,411	2,920
-40 Wallpaper.....	45,807	27,542	18,265	66.3		18,265	66.3	282	17,983	9,917	8,066
-44 Paints.....	100,824	67,572	33,252	49.2		33,252	49.2	719	32,533	19,261	13,272
-50 Pictures.....	26,048	17,084	8,964	52.5		8,964	52.5	206	8,758	8,825	67
-60 Electrical.....	106,642	70,287	36,355	51.7	918	35,437	50.4	1,004	34,433	26,895	7,538
	31,422,753	21,205,740	10,217,013	48.2	699,148	9,517,865	44.8	364,901	9,152,964	9,409,488	256,524
The T. Eaton Drug Co. Ltd.—											
D-10 Drugs.....	573,556	400,823	172,733	43.1	11,106	161,627	40.3	6,908	154,719	146,321	8,398
D-11 Reserve Stock for D-10.....		643	643			643		643			
D-15 Drugs, Perfumes.....	73,818	53,196	20,622	38.8		20,622	38.8	43	20,579	21,807	1,228
	647,374	453,376	193,998	42.8	11,106	182,892	40.3	7,594	175,298	168,128	7,170
The T. Eaton House Furnishings Co., Ltd.—											
Furniture and Fireplace Fittings.....	1,329,464	915,598	413,866	45.2	58,665	355,201	38.8	15,173	340,028	403,397	63,369
Beds.....	426,900	302,901	123,999	40.9	4,403	119,596	39.5	4,567	115,029	97,487	17,542
Period Furniture.....	47,101	30,025	17,076	56.8	1,326	15,750	52.5	337	15,393	24,285	8,892
Upholstery.....	36,998	23,713	59,811		44,964	14,847		238	14,609	12,437	2,172
Carpets, Hardwood Floors.....	350,353	228,623	121,730	53.2	13,825	107,905	47.1	5,424	102,481	120,090	17,609
Linoleum, Oilcloth.....	152,374	91,617	60,757	66.3	12,757	48,000	52.4	1,696	46,304	50,742	4,438
Oriental Rugs.....	148,739	113,508	35,231	31.0		35,231	31.0	1,613	33,618	57,996	24,378
Carpets.....	84,383	59,775	24,608	41.2		24,608	41.2	1,079	23,529	17,306	6,223
Linoleums and Oilcloth.....	66,055	45,511	20,541	45.1		20,541	45.1	608	19,933	11,186	8,747
	2,641,467	1,763,848	877,619	49.8	135,940	741,679	42.1	30,755	710,924	794,926	84,002

GRAND TOTAL.....	34,711,594	23,422,964	11,288,630	48.2	846,194	10,442,436	44.6	403,250	10,039,186	10,372,542	333,356
Unallocated Expenses.....										133,059	133,059
										10,505,601	466,415

THE T. EATON CO. LIMITED

TORONTO STORES DEPARTMENTAL OPERATING EXPENSES FOR THE
YEAR ENDED 11TH JANUARY, 1934*Summary of Statement No. F-2*

Expenses charged to Cost of Sales in

Company's Records—

Overhead Charge.....	\$ 348,679	
Travelling and Buying Expenses....	112,534	
Advertising.....	17,903	
Head Office Allowance <i>re</i> Special Sales.	75,866	403,250

Interest and Stock Charges.....	\$ 258,998	
Rent and Space Charges.....	1,596,549	
Sales Wages.....	2,200,487	
Supervision and Office Wages.....	1,150,315	
Advertising and Merchandise Display.....	1,314,113	
Sundry Departmental Expenses.....	832,431	
Furniture and Fixtures—carrying charge.....	157,466	
City Delivery Expense.....	971,144	
General Expenses—		
Allocated Direct by.....	\$1,177,872	
Allocated on basis of sales.....	846,226	2,024,098
Total.....	\$ 10,505,601	

STATEMENT No. F-3

THE T. EATON CO. LIMITED

RENT AND SPACE CHARGES—TORONTO SECTION—YEAR ENDED 11TH
JANUARY, 1934

Rental charges to Toronto Stores Merchandising Departments..	\$ 1,596,549 00
Rental charges to Service Departments of Toronto Stores, Toronto Mail Order, Toronto Factory, etc.....	1,114,573 92
	<hr/> 2,711,122 92
Less: Rental charges to certain Service Departments (i.e. Eleva- tors, etc.) eliminated from the maintenance expenses below..	140,989 42
	<hr/> \$ 2,570,133 50

Expenses to be provided for:—

Rent payable to T. Eaton Realty Company

Limited.....\$ 1,679,596 32

Space Charges:

Taxes on land and buildings.. \$ 513,785 20

Insurance—Fire..... 26,166 20

Maintenance

expenses:

Alterations and
repairs.....\$ 31,044 62Light, Heat
and Ventila-
tion..... 191,046 46

Day caretaking 113,246 99

Fire protection 34,075 87

Floormen..... 28,515 55

Night care-
taking..... 97,392 89

Elevators..... 158,550 34

Sundry expense 21,498 71 675,331 43 1,215,282 83 2,894,879 15

Deficiency charged to Supplementary Expenses in the Private

Ledger of The T. Eaton Co. Limited.....\$ 324,745 65

STATEMENT No. F-4.

THE T. EATON CO. LIMITED

ADVERTISING AND MERCHANDISE DISPLAY—TORONTO STORES—YEAR ENDED
11TH JANUARY, 1934

City Advertising—

Newspaper advertising.....	\$ 963,777
Department wages.....	87,136
Rental charge.....	2,888
Sundry expenses of department.....	55,278

\$ 1,109,079

Add: Amount overcharged to departments—
transferred to General Expense..... 3,665

\$ 1,112,744

Deduct: Amount charged to other units of the
business..... 174,309 \$ 938,435

Merchandise Display—

Decorations.....	\$ 19,060
Stands and forms.....	4,634
Carpenters, Painters and Engineers.....	20,370
Department wages.....	59,469
Rental charges.....	40,212
Special charge for Light, Heat, Ventilation Power and Steam.....	26,163
Interest and Depreciation of Furniture and Fixtures.....	9,591
Sundry Expenses.....	15,753

\$ 195,252

Add: Amount overcharged to departments—
transferred to General Expense..... 3,450

\$ 198,702

Deduct: Amount charged to other units of the
business..... 1,124

197,578

Ticket writing.....	43,081
Sketching.....	98,006
Special Advertising.....	37,013

Total charged to Merchandising Departments of the Toronto
Stores.....\$ 1,314,113

STATEMENT No. F-5

THE T. EATON CO. LIMITED

CITY DELIVERY EXPENSE—TORONTO STORES, YEAR ENDED 11TH
JANUARY, 1934

Wages.....	\$ 678,679
Bonuses.....	25,853
Grooms.....	24,955
Wagon Cleaners.....	12,406
Hardware.....	43,433
Rental charge.....	129,664
Interest and Depreciation on Furniture and Fixtures..	73,031
Insurance.....	12,956
Gas and Oil.....	28,836
Hay, Bran and Oats.....	22,092
Sundry Expenses.....	204,360
	<hr/>
	\$1,256,265
Less: Cartage on incoming merchandise and charges for trucks, etc. charged directly to the Depart- ments concerned.....	\$274,671
Amount charged to Mail Order Section....	10,450
	<hr/>
	285,121
Direct charges to Merchandising Departments.....	\$ 971,144
	<hr/> <hr/>

STATEMENT No. F-6

THE T. EATON CO. LIMITED

GENERAL EXPENSES ALLOCATED DIRECTLY—TORONTO STORES, YEAR ENDED
11TH JANUARY, 1934

Audit (Sales)—		
Wages.....	\$ 92,447	
Other expenses.....	15,178	
	<hr/>	
	\$107,625	
Less: Charged City Delivery.	12,000	\$ 95,625
	<hr/>	
Inspectors (Parcel wrapping clerks)—		
Wages.....	\$207,158	
Other expenses.....	3,407	210,565
	<hr/>	

STATEMENT No. F-5—*Concluded*Expenses *re* Employees—

Employment and Wages.....	\$ 52,158	
Welfare Office.....	46,351	
Time Office.....	37,847	
Liability Insurance.....	18,263	
Staff Service.....	18,565	
Hospital.....	13,893	
Other charges.....	12,668	199,745

Sundry Expenses—

Business Tax.....	\$153,634		
Buying Offices—Expense.....	49,824		
City Order.....	37,875		
Contract Office.....	11,957		
Cold Storage.....	17,329		
Furniture Packers.....	20,300		
Free Delivery.....	138,153		
Interest on contracts.....	11,133		
Light, Heat and Power.....	58,166		
Provincial Shopping Service..	21,000		
Research and Systems.....	10,575		
Round Room Reserve.....	10,000		
Stock Audit.....	20,900		
Corporation Tax.....	11,341		
Christmas Circles.....	3,168		
Children's Saturday attrac- tions.....	4,254		
Deferred Payment expenses..	6,960		
Furnished Rooms.....	7,342		
Fourth Floor Fall Opening...	5,120		
Georgian Room Reserve.....	8,000		
Garage Rental.....	9,355		
Fourth Floor Spring Opening.	8,737		
Hayter Street Accounts.....	3,855		
Hollywood Fashions.....	2,664		
House furnishing Shopping Service.....	6,900		
Interior Decorating.....	9,790		
Motor Ice.....	3,000		
Salvage.....	14,178		
Santa Claus Account.....	4,500		
Thrift House.....	7,266		
Toronto Exhibition.....	5,548		
Modernistic Display.....	3,660		
Houseware Fair.....	2,824		
Toyland Moving.....	2,930		
Other Expenses.....	26,765	671,937	\$1,177,872

STATEMENT No. F-7

THE T. EATON CO. LIMITED

GENERAL EXPENSES ALLOCATED ON BASIS OF SALES—TORONTO
STORES YEAR ENDED 11TH JANUARY, 1934

Printing and Stationery.....	\$ 20,808
Carpenters, Painters and Engineers.....	2,159
Hardware.....	2,965
Telegrams, Cables and Telephones.....	31,208
Postage, etc.....	30,263
Travelling.....	5,641
Light, Heat and Ventilation.....	469
Power and Steam.....	1,748
Furniture and Fixtures—Interest and De- preciation.....	35,982
Furniture and Fixtures—Insurance.....	1,952
Wages.....	627,393
Rent.....	116,181
Toyland—Santa Claus.....	10,500
Parking Lot.....	38,011
Furniture and Fixtures—Storage Rent..	8,102
Toronto Exhibition.....	7,824
Saturday Attractions.....	20,723
City Order.....	14,047
Donations.....	11,250
Rent—Hollerith Machines.....	9,203
Provincial Shopping Service.....	9,145
Sanabra Television.....	5,049
Share of Mail Order.....	1,764
Sundry Expenses.....	137,209

\$1,149,596

Deduct: Credits arising from under and
overcharges in certain Depart-
mental expenses.....

25,466

\$1,124,130

Deduct: Charges to—

Mail Order.....\$115,053

Canadian Department

Stores..... 33,921

Toronto Factory.... 57,961

Montreal..... 6,154

Moncton..... 600

Groceterias..... 20,852

Hamilton..... 15,538

Head Office..... 25,094

Halifax..... 1,400

Carry forward to

next period..... 529

Transient Items.... 1,610

Ottawa..... 250

277,904 \$ 846,226

By Mr. Sommerville:

Q. The first paragraph of the memorandum in connection with the operations and expenses of the Toronto stores states that the business was started by the late Mr. Timothy Eaton in Toronto in the year 1869?—A. Yes.

Q. We have had the history of that?—A. Yes.

Q. That might be put in the record:—

The business was started by the late Mr. Timothy Eaton in Toronto in the year 1869 with a store on the southwest corner of Yonge and Queen Streets. It steadily expanded and the first unit of the main store building at Queen and Yonge Streets was erected in 1883. Additions have been made to the original building and the Annex, Mail Order, and other buildings have been erected on the adjacent property. The construction of the new store at College and Yonge Streets was commenced in 1928. This new store has not been completed but part of it is open and in operation. In the company's books the main store at Yonge and Queen Streets, the Annex and the College Street stores are treated as one unit and the results of the merchandising departments of all these stores are included in the same statements.

The WITNESS: The basis of the rental charged to the various departments of the different units of the T. Eaton Company's business has been described. The method of treating this rental charge and the other expenses charged to departments is, generally speaking, the same in each unit of the business. It is the intention to show in detail the way in which the expenses are charged to the departments of the Toronto stores unit and the nature of these expenses. This will serve as an example and should give a sufficient indication of the method of accounting throughout the organization. The expenses of the other units of the business are not dealt with in detail.

By Mr. Sommerville:

Q. In other words, you are taking the Toronto stores as an example of the way in which expenses are charged?—A. Yes.

Q. So that the same picture practically can be seen in all the units throughout the organization in Canada?—A. Yes.

The sales of the Toronto stores in 1933 (including the sales of the T. Eaton Drug Company Limited and the T. Eaton Company Housefurnishings Limited) amounted to \$34,712,000 which was over 25 per cent of the total sales of the whole organization.

Statement No. F-1 shows the results of the operations of each of the merchandising departments of the Toronto stores for the year ended 11th January, 1934, according to the company's records. The statement shows the sales, cost of sales, gross profit, mark-up percentage, expenses and net profit or loss of each department. The expenses are shown in total that are given in greater detail in statement F-2.

Q. You have here for each of the departments in the stores the sales, the cost of those sales, and your gross profit?—A. Yes.

Q. And that gross profit percentage on cost would indicate the maintained mark-up?—A. Yes.

Q. That is, the realized mark-up after all charges and write-downs?—A. After all write-downs on account of depreciated merchandise or loss due to shortages.

Q. Or write-downs in sales reducing the original mark-up?—A. Yes.

Q. These are the maintained mark-ups that were obtained for each department?—A. Yes.

Q. In the result of the year's operations?—A. Yes.

Q. And that statement, which will be broken down, shows that on the operations of the year, with total sales of \$34,711,594 the gross profit was \$11,288,630?—A. That is correct.

Q. And the gross profit percentage or maintained mark-up was 48·2 per cent?—A. Yes. I would like to make it clear that that is before adding into the cost certain work room wages.

Q. That is to say, in connection with some departments there are some work room wages a portion of which should be added in to complete the item of laid down cost?—A. Yes. The difficulty is that part only of the wages should be added in, and the part that should be added in cannot be separated from the part that should not.

Q. For instance, I see here "Alteration room" you have work room wages of \$67,348, but you cannot tell what if any portion of those wages should be added in before the goods are laid down, or what portion of that is represented by the alterations made after the goods are laid down and purchased?—A. Yes.

By Mr. Ilsley:

Q. Could you make an estimate?—A. It does not amount to very much, Mr. Ilsley. I do not know how an estimate could be made. You could put the whole thing into cost and consider what we show as the net gross profit.

Q. Well, did you do that?—A. Yes.

Q. 44·6 per cent?—A. Yes.

By Mr. Sommerville:

Q. Take, for instance, such an item as furniture?—A. That is on the last page of the statement at the top of the page HF-20 "Furniture and Fireplace Fittings". The work room wages of that department includes some of the finishers and people who are directly working on the furniture; that also includes porters and people who are not directly working on the furniture, and the wages of a few clerks and so on.

Q. And that may include the cost of polishing and doing up furniture before it is sent out?—A. Yes.

Q. And it also covers a number of items of that character of keeping furniture in condition?—A. Yes.

Q. And it is difficult for you or impossible to distinguish between what are the items that should be charged for laying down the goods and those items of wages that are chargeable to work done on the goods after they are sold?—A. Yes.

Q. But you put in the entire work room wages so that the committee may have before them the entire amounts that are paid for all items in connection with work rooms?—A. Yes.

Q. And may then compare the two figures?—A. Yes.

Q. So that if you take off the work room wages and give credit for everything the gross profit would be 44·6 per cent?—A. Yes.

By Mr. Factor:

Q. I often wonder, Mr. Gordon, why accountants call that "gross profit" because it is not really gross profit; it is a gross balance. The term "profit" seems to indicate that it is a profit whereas nothing is taken into account for any of the overhead or other expenses mentioned in the item. Is that the usual accountancy term?—A. That is the usual accountancy term.

By Mr. Sommerville:

Q. Generally accepted throughout the world?—A. Yes.

Q. Prior to the expenses?—A. Yes, prior to the expenses.

By Mr. Factor:

Q. It is just the difference between the sales and the cost of the sales?—A. That is right.

Q. Eliminating for the moment the work room wages, that is what it amounts to?—A. Yes, that is what it amounts to.

By Mr. Sommerville:

Q. Then your departmental expenses are shown, on gross profit of \$11,288,630 the departmental expenses are shown of \$10,372,542?—A. Yes, plus the balance of \$133,059 which was not allocated to any particular department.

Q. Yes, and then in addition to that expenses charged to cost of sales in the company's records of \$403,250, showing a net loss on the operations of the Toronto store with its business of \$34,000,000 for the year of \$466,415?—A. Yes, sir.

Q. Of course, that loss as shown here is after that charge has been made to the departments of interest, rental space, and the other items that you have already discussed?—A. Yes.

Q. Including salaries and all other items of that character—overhead?—A. Yes.

By Mr. Factor:

Q. Is there anywhere a statement where you have analysed these department expenses of \$10,000,000?—A. Yes, statement F-2.

By Mr. Sommerville:

Q. Is statement F-2 printed?—A. A summary of it is printed showing the details for all departments.

Mr. SOMMERVILLE: Yes, all right.

Mr. FACTOR: After all, that is most important.

Mr. SOMMERVILLE: Yes, and we have this prepared also on percentages, so that we show how much each item adds to the expense or the cost of the goods.

By Mr. Sommerville:

Q. Now then, Mr. Gordon, this statement F-2 is a statement which shows how the spread is made up that is covered by the expenses of the Toronto store?—A. Yes, and the first item is overhead charge; these are expenses charged to cost of sales in the company's records.

Q. Amounts added to the invoices?—A. Amounts added to the invoices, yes.

By Mr. Factor:

Q. On a percentage basis?—A. Yes.

Q. Well, is there a fixed percentage or does it vary?—A. It varies slightly with different departments; it is somewhere about from 1½ per cent to 2 per cent.

By Mr. Ilsley:

Q. That is that \$833,000, is it?—A. The \$833,000 applies to all units; that just deals with the Toronto store.

Q. This is the Toronto share only?—A. Yes.

By Mr. Sommerville:

Q. With an overhead charge of \$348,679?—A. Yes.

Q. And that represents the addition that is made to the invoices of varying percentages of 1½ per cent or 2 per cent?—A. Yes.

Q. Is that just an arbitrary added amount?—A. It is more or less an arbitrary added amount.

Q. And that is called overhead, or what is it?—A. The head office charges the department with this percentage and then the head office retains that to offset certain allowances which it makes to the department.

By Mr. Kennedy (Winnipeg):

Q. Such as discounts allowed to employees on purchases?—A. Yes.

By Mr. Sommerville:

Q. Here we have the first item of \$348,679 overhead charge, and the next item is travelling and buying expenses, \$112,534?—A. That is made up partly of the departmental manager's travelling expenses and partly by a percentage added to all foreign invoices to provide for the cost of the foreign buying offices.

Q. Then the next is an item of advertising \$17,903.—A. Commencing in November, 1933, some provision for advertising was added to the cost of merchandising sold in the company's books. The total amount is not appreciable for this year as the policy was only commenced in November.

Q. That is for the last month or so of the year?—A. Yes.

Q. A sum of \$17,903, and that was added to the invoice, or an amount was added to the invoice of the goods as they were delivered?—A. Yes.

By Mr. Factor:

Q. What is the difference in this advertising and the other column "advertising merchandising"?—A. None at all. In the company's bookkeeping they add a percentage, or they started to add a percentage to cost of all merchandise, a provision for advertising. To get the total advertising you could add that \$17,903 to the other item.

By Mr. Young:

Q. Why should they charge any advertising to cost of sales?—A. It is merely a part of their bookkeeping system.

By Mr. Kennedy (Winnipeg):

Q. Prior to November, 1933, where was advertising charged?—A. It was charged as an expense, when the invoice came in they did not add so much to it.

Q. Where was it charged?—A. To the department.

By Mr. Sommerville:

Q. As an advertising expense?—A. Yes.

Q. In this way there were two charges made to the department; the first is adding to the invoice so much, and the second is the advertising charge in the ordinary course?—A. That is correct.

By Mr. Factor:

Q. The second will ultimately disappear if all the advertising was charged on the invoice?—A. I do not think the intention is to charge the advertising on the invoice.

By Mr. Sommerville:

Q. Is this the difference between the amount actually charged to advertising and the amount that has been charged to the department for advertising?—A. No sir, in November they decided in order that the departments should have a fund which they could always fall back on for advertising purposes that they would charge them so much on the invoice as they came in.

Q. Well, that is the amount in any event. Then the next item under the heading is head office allowance *re* special sales; that is a total of \$75,866, now what is that?—A. When a department advertises a certain bit of merchandise for sale below its regular cost in order to bring trade to the store on Saturdays for instance, allowances made to that department by head office to compensate it for the reduced profit obtained as a result of such sale; in other words, if they asked one department to put on a sale the department manager's profits are compensated by an allowance from head office.

Q. And the total amount of allowance made to departments for the entire year 1933 by head office on this account was \$75,866.

Mr. HEAPS: What percentage would that amount to?

The CHAIRMAN: About a half of one per cent.

The WITNESS: Less than a half of one per cent.

By Mr. Sommerville:

Q. That meant then, after adding up the first of these three items and deducting the head office allowance, that meant it left a total balance of \$403,250 as an expense charged to cost of sales in the case of the head office record?—A. Yes.

Q. Now then, here are the other items of expenses that are not departmental expenses; interest and stock charges amount to?—A. \$258,998.

Q. For the Toronto store?—A. Yes.

By Mr. Factor:

Q. Is that that 6 per cent?—A. That is 6 per cent on the stock and an amount for insurance.

By the Chairman:

Q. That is 6 per cent on the stock, that has nothing to do with other investment or anything of that kind other than merchandise?—A. On the merchandise inventories; it works out to a little less than 6 per cent of the cost, they take it on an assumed value which is less than cost.

By Mr. Sommerville:

Q. Then the rent and space charges charged to the department?—A. \$1,596,549.

Mr. HEAPS: What buildings does this include?

Mr. SOMMERVILLE: Toronto only.

The WITNESS: The Toronto main store, the annex store and the College street store.

Mr. HEAPS: And all the other buildings?

The WITNESS: There may be some small amount of space in some other buildings, but that really includes what this covers.

Mr. HEAPS: How does this compare with the charge made by the other firm?

Mr. SOMMERVILLE: I do not remember offhand.

By Mr. Factor:

Q. To understand the basis of these charges, that is six and six, isn't it?—A. That is a charge made by the realty company; and this is a charge per square foot from head office to the department.

By Mr. Sommerville:

Q. It is different from the charge by the realty company to head office?—A. Yes.

Mr. FACTOR: It is less than the realty charge.

Mr. SOMMERVILLE: This amount is necessary to maintain the offices, to maintain the buildings; there is a surplus from this.

Mr. FACTOR: Oh, no.

Mr. SOMMERVILLE: Oh, yes, from this.

The WITNESS: The amount charged to the departments is not sufficient to provide for all the space charges, including taxes, elevator charges, and so on, and the rent payable to the realty company.

Mr. SOMMERVILLE: Perhaps I had better put it this way, it was more than sufficient to provide for all of these items before the rental was fixed for the rental company?—A. Yes.

By Mr. Factor:

Q. I know, but rent is an expense isn't it; and rent has to be taken into account?—A. The amount charged to the departments has not changed, but the total expense of the whole business, if you treat the realty company as a separate entity, has increased; but it comes back to the head office in the form of interest.

By Mr. Ilsley:

Q. Certain factors are responsible for it, what are they; was it the appreciation of \$16,000,000?—A. Yes, the rental charged by the realty company is more than the old provision of depreciation, interest on capital, and investment in buildings.

Q. Yes?

By Mr. Sommerville:

Q. Then the next item is sales wages, \$200,487?—A. Yes.

Q. That is the total for Toronto?—A. Yes.

Q. Then the next item is supervision and office wages?—A. \$1,150,315.

By the Chairman:

Q. Supervision and office wages, that would be the book-keeping, accounting and all that part of it?—A. Supervision refers to the department manager's salary, and the office wages, or the office department.

Q. Well, the department manager's salary, he is the sales chief, it comes under his supervision?—A. Yes.

By Mr. Sommerville:

Q. But the bonus paid to the department manager did not go into this particular account?—A. No, it is retained as a head office expense.

By the Chairman:

Q. Not in full, was it?—A. Of the department manager, but not of the Assistant Manager.

Q. I do not want to break in on your line of examination, but over here you say there was a charge of \$300,000 to the department out of \$2,000,000?—A. That is \$386,000 on statement C-8.

Q. Out of a total of \$2,281,000 the bonuses to assistants and to others was—?—A. They pay bonuses not only to the assistant managers, but to all the senior people in the department, and that mostly would take up that \$386,000.

Q. But what I am asking is, is that reflected in here?—A. That \$386,000 is reflected in here.

Q. That is what I mean.

By Mr. Sommerville:

Q. Advertising and merchandising display amounted to \$1,314,113?—
A. Yes.

Q. And sundry departmental expenses were \$832,431?—A. Yes.

Q. What does "sundries" cover?—A. It covers any item of a general expense nature which can be directly applied in that department. The large item includes the cash service expense, including the wages of the cashiers, maintenance of the cash chutes—the chutes which they send the change down—which comes to \$119,920; the next largest direct expense represents packing materials, and printing and stationery which can be allocated to a definite department.

Q. The next item of expense added to cost in the Toronto store is furniture and fixtures—carrying charge?—A. Charged to the department.

Q. \$157,466, what is that?—A. That is a charge of 6 per cent on the net book value of furniture and fixtures used by the departments, plus a provision for depreciation of this furniture and fixtures, and a small amount for insurance.

Q. That is similar in character to the interest charged on stock—on the basis of 6 per cent?—A. Yes.

Q. The next item is free delivery expense \$971,144?—A. Of that amount \$905,611 were charged to specific departments, and the balance of \$65,533 was not allocated to any particular department, but is considered an expense of the Toronto store as a whole.

Q. The next heading is general expenses allocated directly \$1,177,872?—
A. Certain general expenses which the company is able to allocate to particular departments in various ways. Where they can they try and allocate an item of expense to one or more departments to which it applies. The balance of \$846,226 are other expense items which apply to all departments, and which are charged to them on the basis of sales.

Mr. FACTOR: What are these general expenses?

Mr. SOMMERVILLE: You have them set out in Statement F-6.

The WITNESS: The company maintains an audit department for doing its internal audit work, the cost of which came to \$95,625; parcel wrapping clerks whose wages came to \$207,158; and other expenses \$3,407; and other expenses in connection with the employees generally—a total of \$199,745; various sundry expenses, including business taxes and free deliveries, etc.

Q. Free deliveries amounted to \$138,153; that is free deliveries to areas outside of the city delivery system, is it not?—A. If an order is for a certain amount, they will deliver it either by mail or by freight without extra charge.

Q. Yes, and that item is \$138,000?—A. Yes.

Q. And light, heat and power is in for \$58,000?—A. That would be special expenses for light, heat and power; it might include the cost of the searchlight, special items of that kind cannot be allocated to any definite department.

Q. That is not the general light, heat and power item, because that is already covered by your space rental?—A. Yes.

By Mr. Kennedy (Peace River):

Q. What does that item of "research" cover?—A. I do not know what actual items of research the company carries on.

Mr. HEAPS: Haven't they got a laboratory?

The CHAIRMAN: They could not carry on very much with \$10,000.

The WITNESS: They may, I did not enquire into that.

The CHAIRMAN: It does not amount to much.

Mr. FACTOR: Perhaps it is research into how to eliminate expenses.

By Mr. Sommerville:

Q. Stock audit, \$20,900—?—A. The next statement F-7 shows the details of the other general expenses.

Q. Other general expenses that are allocated on the basis of sales rather than directly?—A. They are all numerous items that they cannot classify any other way.

Q. Charges, \$627,393; and the \$116,181, what is that?—A. That will be the cost of various floor space, part of the floor space. It might be floor space occupied by some particular unit operating for the benefit of the whole store, in which case they would not charge it to any individual department; it would come in here and be allocated over the whole lot on the basis of space.

Q. Vestibules and entrances, perhaps?—A. Yes.

Q. That is the way in which those items of expense are broken down?—A. Yes.

Mr. FACTOR: That makes up a total of \$10,000,000.

By Mr. Sommerville:

Q. That makes a total of \$10,505,601 for departmental expenses?—A. Yes.

Q. And a total of \$403,250 for expenses in the company's head office records?—A. Yes.

Mr. FACTOR: If you add to these two items, work and wages \$846,104, there is a total expenditure of \$11,621,986 to do business which cost the company \$23,422,000. In other words, it costs them 50 per cent of the cost of the merchandise in that line of business?

The WITNESS: That is right.

By Mr. Sommerville:

Q. Expense of doing business?—A. That is in there; that is correct.

Q. Let us get the percentage of those items in detail. That is what you want, Mr. Young. How much is added to the cost of articles by the various items of expense you have indicated, first of all, because of the expense charged in the company's records of \$403,250?—A. Before giving these percentages, I should like to make it clear, in case they are being compared with other percentages of a similar nature, that these percentages are on cost, and not on sales. The total of \$403,250 would amount to 1·7 per cent of cost.

Q. Will you just go through every item and give us each of them in turn, so that the figures on the records will show consecutively the items that are referred to.

The CHAIRMAN: Begin with the first one, and then go right down the line.

The WITNESS: The expenses charged to sales in the company's records is 1·7 per cent of cost; interest on stock charges 1·07 per cent; rent of space charges, 6·58 per cent; sales wages, 9·07 per cent; supervision and office wages, 4·75 per cent; advertising, merchandise displays, 5·4 per cent; sundry departmental expenses, 3·1 per cent; furniture and fixtures carrying charge, ·65 per cent; city delivery expenses, 4 per cent even, general expenses in total 8·34 per cent. The general expenses, both these which are allocated directly, and these which are allocated to offices and sales in total come to 8·34 per cent.

Q. What does the total amount to, that is added to the cost of those various items?—A. The total of those percentages which has just been read, amounted to 45 per cent.

Mr. FACTOR: Does that include the work room wages?

The WITNESS: In this calculation the work room wages have been included in the cost.

By Mr. Sommerville:

Q. Does the 45 per cent include the item of work room wages which appears on statement F-1?—A. Yes.

Q. That total item is \$846,194?—A. Yes. Mr. Sommerville, as there was some question about that item as to whether it should be included in the cost or not, we included it in the cost in arriving at those percentages.

Q. It is included in the 45 per cent?—A. We added it to the cost of the invoices.

Q. So that it is included in the 45 per cent?—A. No; it is treated as part of the cost.

The CHAIRMAN: It would lower the percentage; it would be reflected in your percentage.

The WITNESS: If it was eliminated, it would increase these percentages.

The CHAIRMAN: Certainly; so it is reflected there.

By Mr. Kennedy (Winnipeg):

Q. You have added the wages paid in the work room to the cost of these particular products?—A. Yes.

Q. On the same basis as if they ordered the goods from some outside firm where they were made up?—A. Exactly.

Q. An element of the cost of the article?—A. Yes.

Mr. SOMMERVILLE: These are not made up.

Mr. KENNEDY (Winnipeg): Work was done on them. It is an element of cost.

By Mr. Sommerville:

Q. Now then, before we leave the statement F. 1 which shows the maintained mark-up of 44·6 per cent, after— —A. After deducting work-room wages.

Q. It takes into consideration the mark-up on groceries and foodstuffs?—A. Yes.

Q. And that business is quite a substantial business, is it not?—A. It is.

Q. Amounting to nearly \$2,000,000?—A. If you eliminated the groceries, meats and all the restaurant departments, the percentage is practically the same.

Q. That is the restaurants show a high percentage, but groceries show a low percentage?—A. Comparatively low.

The CHAIRMAN: It does not affect it in the main!

The WITNESS: It does not affect it in the main.

By Mr. Sommerville:

Q. Eliminating the groceries and restaurant.—A. The situation is not affected.

Q. On the general merchandise?—A. No.

Q. Now then, the city delivery expense which is referred to as an item of \$971,000 covers the delivery not only in the city of Toronto, but delivery out to Oakville?—A. It covers the delivery to Oakville.

Q. 24 miles west?—A. 24 miles west, and to the north west. To Brampton, 29 miles; to Richmond Hill, 21 miles north; and to Oshawa, 32 miles east.

Q. Is there any means of segregating the costs of those outside deliveries through the country as far as Oshawa, Oakville, and Brampton, or is it all included in the Toronto delivery charge?—A. It is all included in those charges.

Q. You cannot find out the expense involved in those outside deliveries, separate from the deliveries within the city?—A. I think I can get that information; I have not got it here, but I think it can be obtained.

The CHAIRMAN: In the percentages you gave us a moment ago, \$905,000 delivery charges would be represented by, if I remember rightly, about 4 per cent?

Mr. SOMMERVILLE: Delivery was about 4 per cent.

The WITNESS: Four per cent even.

By the Chairman:

Q. Now, it would be interesting if you could ascertain what the percentage would be to Oakville, Brampton, Richmond Hill and Oshawa?—A. Yes.

Q. It might be 5, 6, 7 or 8 per cent or some other figure?—A. Yes.

Q. See if you can find that out for us?—A. I think they operate one truck to each of those places, and the total would not amount to much, the cost of delivering to those places would be quite low.

Q. It is important. Now, Mr. Gordon, I asked a question yesterday which I did not finish, and I felt at that time that there was a point to what I was trying to bring out. Will you turn to statement No. C-5, which deals with operating profits on merchandising companies, and after the series of companies, which I shall not read out, indicated on this statement, we find on January 11, 1934, an operating profit of \$1,212,000?—A. Yes.

Q. Now, there is added back in this statement, to that, the sum of \$2,062,000 interest?—A. Yes.

Q. That is interest already charged against the department?—A. With the exception of the interest revenue of the company's investments.

Q. Exactly; with the exception of that?—A. Yes.

Q. Which gives a figure of \$3,274,000?—A. Yes.

Q. Which may be taken as the net profit of the company in that year, before making a distribution of interest, we will say, or dividends, if one might use that term, assuming a company that did not follow this course of adding the interest charge on their capital or investment against operations before arriving at the net figure.—A. Yes.

Q. That is correct, is it?—A. With the exception of the head office expenses.

Q. That gives you the sum of \$3,274,000? Now, you have already charged their bonus to departments, \$387,000?—A. Yes.

Q. Now, if you add that.—A. That is to the junior employees.

Q. Yes, quite so. I will come to that in a moment. You add that back and it gives you the figure of \$3,661,000?—A. Yes.

Q. Now, the way that was handled in distribution was this, if you will follow me:

Q. On statement C-8 it shows a distribution to the forty executives of \$33,925 each or a total of \$1,357,322. Then it shows a distribution of a bonus to other employees whom, I understand, from what you have said are certain heads of departments and so forth?—A. Yes.

Q. Of \$923,767, or a total in that item of \$2,281,000?—A. Yes.

Q. Then, in addition to that, in statement C-7 there was distributed in what they call employees' benefits, chiefly retiring allowance—that is what we discussed yesterday as the distribution to directors covering a retiring allowance scheme for directors and to a few others who came under the scheme—

Mr. FACTOR: Are you trying to show how the \$2,986,000 was made up?

The CHAIRMAN: Yes, how it was treated or disposed of.

Mr. FACTOR: It is shown in statement C-7.

By the Chairman:

Q. The amount provided for with reference to the board of directors' retiring allowances was \$200,000. That is not disclosed in any statement in detail, I understand?—A. Yes.

Q. It makes \$2,481,000 distributed in that way?—A. That, of course, did not come out of profits.

Q. It is found in a series of years in different items on C-4, but the average is \$200,000.

Mr. ILSLEY: I take your word for it, but you gave a total figure.

By the Chairman:

Q. I added that to the bonuses that had been distributed to twelve directors and twenty-eight senior officers and to certain other department managers and a few senior department managers of \$2,281,000 which applied to \$3,661,000 that I mentioned a moment ago leaves \$1,180,000 for your net profit?—A. I think you could add \$200,000 back to that and show them \$2,080,000.

Q. Because it went to surplus account?—A. Yes.

Q. Or, let us make that point clear, that of the sum of \$2,281,000 that was distributed in the year ending January 11, 1934, in the form of bonuses to senior officers, none of that was distributed to what might be called ordinary employees of the company?—A. Not the junior employees.

Q. Junior employees or ordinary workery?—A. That is correct.

Mr. HEAPS: How many participated in this distribution?

Mr. FACTOR: You asked that yesterday.

Mr. HEAPS: It was twelve.

The WITNESS: This would include everybody from assistant department manager up.

Mr. HEAPS: How many would that include?

By the Chairman:

Q. Let me put it a little more directly. The records show that \$1,357,321 was distributed to twelve directors and twenty-eight senior officials, executive officers?—A. Yes, sir.

Q. And the \$923,767 was distributed to departmental managers and certain senior departmental officers?

Mr. HEAPS: Is that forty altogether?

The CHAIRMAN: There were forty in the first group.

Mr. HEAPS: And how many in the second group?

The CHAIRMAN: We do not know the number in the second group.

The WITNESS: No. I do not know the number. There would be 180 departments.

The CHAIRMAN: Probably about 150, maybe more?

The WITNESS: Probably 300.

Mr. FACTOR: What was that figure you gave us yesterday?

Mr. SOMMERVILLE: Probably 300, you say?

Mr. KENNEDY (Winnipeg): Approximately how many would be in that second group?

The WITNESS: It would include the bonuses paid to the senior departmental managers in the Toronto units who were 195, and to that you would have to add amounts paid to the department managers in any other units throughout Canada.

Mr. KENNEDY (Winnipeg): Probably 300?

The WITNESS: There would be more than that. Winnipeg is a pretty big unit.

Mr. SOMMERVILLE: But in the Toronto unit alone the number is 195.

The CHAIRMAN: Incidentally, it might be noted in that distribution we have just been referring to—statement C-8—that for 1925 it was, in round figures, \$2,500,000, in 1926, \$2,500,000, in 1927, \$2,900,000, in 1928, \$3,350,000, in 1929, \$3,800,000, in 1930, \$3,600,000, in 1931, \$3,550,000, in 1932, \$2,750,000 and in 1933, \$2,280,000.

By Mr. Sommerville:

Q. Then, Mr. Gordon, is it not a fact that 45 per cent must be made on cost before the bonuses are distributed? These are supplementary to the 45 per cent on cost that you have already given us, are they not?—A. No. The net expenses of the head office covering all units in Canada come to approximately \$900,000 in the year 1933.

Q. Net?—A. All other expenses, in one way or another were charged to the departments. Now, they may not charge the departments with so much for salary, but they charge the department with interest which offsets payments of the executive salary with the exception of \$900,000.

Mr. FACTOR: The 45 per cent includes all with the exception of that one item.

Mr. SOMMERVILLE: Except \$900,000, for the whole of Canada?

The WITNESS: Except \$900,000, yes.

Mr. SOMMERVILLE: Let us turn to the merchandising methods and practices.

The CHAIRMAN: Before we go on with that. I do not want to be unfair in regard to the distribution we have been discussing. I think I saw some substantial figures that were distributed in the way of what might be called charitable contributions which are, of course, included in that \$1,177,000, and it struck me that we might, in justice to the company, indicate that.

Mr. HEAPS: Quote it in one lump sum rather than in different institutions.

The CHAIRMAN: They are not in different institutions. For instance, there is the company's hospital service, \$13,900; there is a welfare office—\$46,000—in F-6—there is the Christmas circle, \$3,000—I do not know whether that has anything to do with it.

The WITNESS: The various benefits to the employees will be brought up. They are estimated by the company to cost approximately \$900,000.

Mr. SOMMERVILLE: All the benefits and services rendered by the company to the employees are fully set out on the memorandum on wages.

The CHAIRMAN: We have not come to that yet.

Mr. SOMMERVILLE: No.

By the Chairman:

Q. You say that insurance and benefits to employees and so on aggregate \$900,000?—A. That is the company's estimate. We will describe what the actual figures are, but it is difficult—the figures are estimated figures.

Mr. KENNEDY (Winnipeg): That estimate of \$900,000 is not charged back to the employees in any way?

The WITNESS: No.

Mr. HEAPS: What is it charged to?

The WITNESS: It is various expenses of the company such as holidays, hospital.

Mr. KENNEDY (Winnipeg): It is charged back to expense and part of the cost of doing business.

Mr. HEAPS: Are holidays given to the employees charged back to the company?

The WITNESS: Depending on the length of service, the employee gets a week or more holidays with pay. The wages for the week would be included in the estimate of \$900,000.

The CHAIRMAN: That is, any holidays in that period would be included as a donation to the employee.

Mr. KENNEDY (*Winnipeg*): What does this company pay in the matter of taxes, say, in the last year?

Mr. SOMMERVILLE: Mr. Gordon, you have not got that gathered in any one statement, have you?

The WITNESS: The taxes on the Toronto buildings alone were \$511,785 approximately.

By the Chairman:

Q. That is the city of Toronto taxes?—A. Yes, but I have not got the total taxes paid of all kinds anywhere. The income taxes are shown on statement C-5.

Q. Was it not \$153,000?—A. I think so, yes. The provision for income tax is shown at the bottom of Statement C-5, and amounted to \$713,000 in the year 1925; \$508,000 in 1926; \$552,000 in 1927; \$660,000 in 1928; \$174,000 in 1929; \$225,000 in 1930; \$242,000 in 1931; \$104,000 in 1932 and \$89,000 in 1933. The figures for the profits are consolidated profits after certain adjustments; so that the company may pay out income taxes in a year when the total results resulted in a loss.

By Mr. Kennedy (Winnipeg):

Q. These income taxes are, of course, based on their showing of profit or loss in accordance with their records?—A. Yes.

By Mr. Factor:

Q. There is also a corporation tax shown in Statement 6?—A. There would be a corporation tax to the province of Ontario.

Q. That is in the province of Ontario?—A. Yes, and the other provinces where they do business.

Q. And business taxes in the municipalities?—A. Yes, they would have to pay all the regular taxes.

By Mr. Sommerville:

Q. This last year the income tax provision was \$89,000?—A. Yes, that was the provision charged in the books of the company.

Mr. NASH: You understand that we cannot tell you very much about income tax, because we have no access to the income tax records.

The CHAIRMAN: Quite so. But the books record a provision of that amount.

Mr. NASH: Yes.

The CHAIRMAN: We quite understand your position.

By Mr. Sommerville:

Q. Is this next memorandum distributed, Mr. Gordon?—A. No, this memorandum is in the form of very rough notes which I would like to describe and read rather than distribute.

Q. This describes the merchandising policy and control of department managers?—A. Yes.

Q. And how it works in the store?—A. Yes. I would like to explain that we thought, before we presented statements of the individual departments, that some description of the method of buying, the method of merchandising and the method of controlling department managers would be of assistance to the committee. This information was obtained verbally from officials of the company and is presented with that qualification, that it is a verbal description, to give you an idea of how these things are run.

Q. As gained from the officials of the company?—A. Yes.

Q. This is not obtained from the books?—A. That is right. In this memorandum, I would suggest we deal with the management first, its buying and its merchandising policies.

The T. Eaton Company Limited, and through it the various subsidiary companies, is controlled by the Estate of Sir John Eaton which holds 8,890 of the total of 10,000 shares outstanding. The executors of the estate are Lady Eaton and Messrs, R. Y. Eaton, Harry McGee, J. J. Vaughan and C. N. Mills. The company is managed by a board of directors. The board of directors is assisted by an advisory board of twenty-three members, elected from among the company's bondholders, who are the senior employees, senior supervisors and department managers of the company.

Q. We have not yet the list of directors on the record, and officials. You might as well give that?—A. I should have said there are ten directors. The ten directors are: R. Y. Eaton, president; Harry McGee, vice-president; H. M. Tucker, vice-president in Winnipeg; Lady Eaton, vice-president; J. J. Vaughan, vice-president and secretary-treasurer; Mrs. J. G. Burnside; S. S. Wilson in Winnipeg; T. A. McCrea; D. E. Startup and J. D. Eaton.

Q. Will you give us the executors of the estate?—A. The executors of the estate are Lady Eaton and Messrs. R. Y. Eaton, Harry McGee, J. J. Vaughan and C. N. Mills. This advisory board meets once a month with the directors and is divided into five committees. The five committees are: One dealing with store merchandising; the second dealing with mail order business; the third with staff and service; the fourth with expense and the fifth with factories generally.

These committees usually meet about once in every two weeks and draw up recommendations regarding the running of the business, which are submitted at the monthly advisory board meeting, at which the directors are present. The directors of the company are not bound by these recommendations, but in this way they benefit by the advice and experience of the supervisors actively engaged in the company's business. They treat these meetings as formal meetings and minutes are kept of the proceedings of all meetings of this advisory board and of the various committees.

Next in the order of seniority after the members of the board of directors are the various supervisors, group managers, heads of departments and their assistants. There was a chart prepared, Statement H-1, which has not been printed, showing how each unit of the business is controlled by the board of directors, through one of their members—Mr. Startup is in charge of the Hamilton stores; the Toronto stores through Mr. McGee; and the mail order business in Toronto and the Halifax store and so on. Would you like that read into the record?

Q. Yes, I think it might be wise?—A. The mail order business, the Ontario chains of groceterias and Canadian Department Stores are managed by Mr. Jones, who is responsible to Mr. Startup. Through Mr. Jones, Mr. Grainger is in charge of the business in the maritimes, with the exception of the Halifax store; and he is responsible to Mr. Jones.

Q. Then, generally speaking, Mr. Startup is in charge of the Ontario stores, the Halifax store and eastern mail order business and the chain stores?—
A. And the maritime business.

Q. The 29 groceterias in the maritimes, the Canadian Department Stores in the maritimes, the Moncton store and Moncton mail order?—A. Yes. The Montreal store is managed by Mr. Dodds, as a director of the Montreal Company, and responsible to the T. Eaton Company.

Q. Responsible direct to the board of directors?—A. Yes.

Q. And the Montreal store also includes the management of the Ottawa store?—A. Yes. The factories are all under the supervision of Mr. Bethel who is responsible direct to the board of directors.

Q. That is, all the factories in Toronto, Montreal, St. John—A. All factories except the Winnipeg factory. The Winnipeg store and other western units of the business are under the supervision of two other directors of the company, Mr. H. M. Tucker and Mr. S. S. Wilson.

Q. That is, Saskatoon, Regina, Edmonton, Moose Jaw, Port Arthur, Calgary, Brandon, and the eleven groceterias?—A. Yes. I think if I read these rough notes on "buying" it might be of assistance.

There is no dictation as to what merchandise should be purchased, etc., this being left to the discretion and judgment of the department managers and other buyers. The buyers are continually given advice, however, as to the general tendency of prices, the lines which should be carried, etc., and are usually encouraged to buy in Canada.

Q. When you say "department managers," take the Toronto store, that would be 180 merchandising departments?—A. Yes.

Q. And each manager would?—A. He is the buyer for his department.

Q. Then in addition to that are there other buyers in connection with the Toronto business?—A. The buyers of all units work together as much as possible. Every department manager is a buyer and the mail order managers are buyers, and they are naturally assisted by the managers of the Toronto stores.

Q. Then in the Toronto mail order you have 40 departments which would make 220 buyers at least in the Toronto stores?—A. Yes. I think it might not make quite as much as that. Some of the departments come under the supervision of one man.

By Mr. Kennedy (Winnipeg):

Q. Could you indicate in what way they are encouraged to buy in Canada?—A. I will give an analysis of the purchases made in different countries. These remarks are preliminary and are a repetition of what I received from the officials of the company.

Budgets are prepared six to nine months in advance for the Toronto store departments by the officials of the merchandise office who decide upon the value of the inventory which each department will be allowed and the total amount of purchases (in dollars) which they may make. This is arrived at after discussion with the department managers and is subject to final approval by the company's treasury department. Within the final amount of the budget the department managers are given a free hand as to the purchases they may make.

By Mr. Sommerville:

Q. That is to say, there are approximately 200 buyers in the Toronto store and they buy in their own way the merchandise that they believe will be most saleable in their department?—A. Yes.

Q. There is no one office that dictates the negotiations that they may conduct in the purchase of merchandise?—A. No. The department managers are held responsible for the results of their department and they are given more or less of a free hand.

Q. That is, they have got to make their department go, they have got to buy their goods and sell their goods?—A. Yes.

Q. And on the result of their management I presume depends their success in the business and their remaining in the business?—A. To some extent, yes. All orders over \$100 pass through the merchandise office daily. The merchandise office is really the manager of the Toronto store unit.

Q. That is a checking office?—A. A checking office, but the manager of the Toronto store is the head of the merchandise office.

Q. What you mean there is, if the order is over \$100 it goes through there?—A. In order that he may know what is going on.

Q. What amounts are being purchased?—A. Yes.

By Mr. Factor:

Q. He does not in any way control it?—A. Not until after the purchase has been made. The merchandise manager or his assistants inform the department managers each week of the amount of Spring or Fall purchases already made and the balance remaining available for this purpose. Every effort is made to keep the department managers constantly informed of where they stand and how they are doing. In other words, the merchandise office keeps the cheque to see that the managers do not exceed their budget.

By Mr. Sommerville:

Q. Their budget of purchases and sales?—A. Yes, they supervise that.

Q. In other words, that office keeps weekly in touch with the managers and advises them how they are doing; that is not merely in the matter of purchases but also in sales?—A. Yes. A similar procedure is carried out in the Mail Order division and Canadian Department Stores.

No policy is laid down respecting the purchasing of clearing lines, etc., and as already stated the managers are not dictated to as to what they may buy or what they may not. The purchases are checked, however, by the merchandise office after they have been made, and if the goods do not move quickly or if they have to be sold at a low mark-up the department manager may be open to question. If he is not making his mark-up on any large item of merchandise they may call him in and ask him why.

MR. SOMMERVILLE: They may; they do.

MR. KENNEDY (Winnipeg): Well, there is nothing wrong with that.

THE WITNESS: I just want to give a description of how it is run.

The mail order buyers include some of the most experienced buyers in the organization and are ready to assist the Canadian Department Store managers or other buyers whenever occasion arises. The Canadian Department Store managers usually either obtain their merchandise from the Mail Order stock or else obtain the assistance of the mail order buyers in making their purchases; in 1933 approximately 30 per cent of the requirements of the Canadian Department Stores were filled from the Mail Order stocks. The Supervisor of the Mail Order division stated, however, that the Canadian Department Stores are not used to clear slow-moving merchandise which is mostly disposed of through the "Annex" store.

It is not the company's policy, except in exceptional cases, to issue blanket orders to suppliers covering all the merchandise to be shipped to the different units and there is no routine for assembling the orders of the different units for particular lines of merchandise, except to some extent in the case of groceries. When purchases are to be made from one supplier for more than one unit of the business the buyers from the different units frequently either visit the supplier together or agree to take a definite quantity of the goods if the order can be arranged by one of them at a stipulated figure. This is particularly true in the Mail Order divisions.

Mr. SOMMERVILLE: For instance, you have got some examples, or perhaps Mr. Johnston has, of large orders placed for merchandise, which may be adopted through different departments. Perhaps you might let Mr. Johnston give us an example of that large scale buying for units.

Witness stood aside.

F. M. JOHNSTON, recalled.

By Mr. Sommerville:

Q. Mr. Johnston, perhaps you could at this point give us an example of the purchases of large quantities for the various units?—A. The following is an example of the orders placed by the T. Eaton Company of Toronto during October and December, 1933, demonstrating the buying power of mass buying.

Mr. FACTOR: Are you going to read the names out, Mr. Chairman?

Mr. SOMMERVILLE: Yes.

The WITNESS: On January 10, 1933, an advertisement appeared in the "Toronto Mail and Empire" under the heading "More About Eatons". This referred to buying Madras muslin for the Empire's largest store, and the advertisement read as follows:—

"This is a story concerning the new curtains that thousands of women will be hanging up at their windows after Spring cleaning in bungalows, cottages and farm houses here, there and everywhere throughout Canada. Its the story of how an Eaton buyer went purchasing in Scotland on such a huge breath-taking scale that, despite sundry difficulties of the market and the recent advance in the value of the pound, all these Canadian house-holds are going to get their favourite madras muslin at a very moderate price.

As possibly you know, the Scottish weavers of this popular fabric band themselves together and fix the price of their product. And as well attempt to move the rock beneath Edinburgh Castle as seek to change that price—so one is warned. But the present fixed price was too high to permit an attractive selling price for the Canadian householder.

Forthwith, the Eaton buyer—with orders in his pocket from the combined Eaton buying forces of Toronto, Winnipeg, Montreal and Maritime Stores, plus the Mail Order—approached one of the mills with an offer of a big order at a figure lower than the fixed price. It was refused. Later, in London, came the message by telephone that it would be accepted. An order for nearly a quarter of a million yards—the largest order in the long history of the largest madras house in Scotland. It was irresistible.

Eaton customers throughout the Dominion will get their madras curtains at a price that will appeal to them.

The purchases of madras muslin referred to above have been checked up and orders showing the 232,000 yards ordered, the average price being $3\frac{1}{2}$ d. At that time the price fixed by the Association in Scotland was $4\frac{1}{8}$ d. for 36 inch wide material. The net laid-down cost of this merchandise was approximately $10\frac{3}{4}$ cents. This varied somewhat on account of the Exchange, and on 9th April was being offered in the store of The T. Eaton Co. at 16 cents per yard."

(Filed as Exhibit No. 222).

Q. Threepence halfpenny, that would be 7 cents a yard?—A. At that time the fixed price in Scotland was $4\frac{1}{8}$ pence for 36 inch material.

Q. What was the price?—A. A fixed price of $4\frac{1}{8}$ pence.

Q. That is $8\frac{1}{2}$ cents?

The CHAIRMAN: That would be $8\frac{1}{4}$ cents about.

By Mr. Sommerville:

Q. And it was laid down at Toronto at what?—A. It was laid down at $10\frac{3}{4}$ cents.

Q. And it was offered at?—A. 16 cents.

Q. That is a mark-up of $5\frac{1}{4}$ cents, and on $10\frac{3}{4}$ cents that would be approximately 50 per cent?

By Mr. Young:

Q. How did the price on that shipment compare with the price when they did not get this bargain over in the old country?—A. I think the fixed price of $4\frac{1}{8}$ pence would cover that, that had been what they bought it at previously.

Q. I want to know if they sold cheaper on account of buying cheaper?—A. We have not the details of that.

Mr. HEAPS: The consumer will tell you that—that was a mark-up of 50 per cent.

Mr. SOMMERVILLE: Approximately 50 per cent, yes. And that was a large-scale purchase for the various units.

The WITNESS: It is a demonstration of the power of mass buying.

By Mr. Factor:

Q. What did it demonstrate, to use the demonstrative term, what does it demonstrate?—A. The power of mass buying, of combining orders and forcing the price.

Mr. HEAPS: Was not the other side trying to maintain prices?

Mr. YOUNG: They were combining in restraint of trade over there.

Mr. ILSLEY: They had combined themselves together, you might say.

Mr. HEAPS: It is a case of when Greek meets Greek.

Mr. KENNEDY (*Winnipeg*): As Mr. Heaps says, it is a case of Greek meeting Greek.

The CHAIRMAN: Of course, the vendors do not agree with that.

Mr. ILSLEY: Eatons break the Scotch combine.

The WITNESS: We have here a reference to one of these sales of overcoats that were commented on.

By Mr. Sommerville:

Q. Yes?—A. The following example of an advertisement appearing in the *Montreal Star* will demonstrate the practice of averaging merchandise purchased at different prices.

On Friday, 3rd November, the T. Eaton Company Limited of Montreal, advertised "a tremendous sale of 400 men's Winter overcoats," including Montagnacs, Tailors' Elysians, etc. These were advertised as being worth ordinarily up to \$69.50. We have secured the necessary information from the Eaton Company in reference to this advertisement and the information given shows that of this lot, 385 coats were purchased at \$17.50 and 7 at \$26.50, plus sales tax. This merchandise was purchased from Freidman Company in October and November. This lot was advertised and sold on 3rd November, 1933 at \$25.

Mr. YOUNG: What does this demonstrate?

Mr. SOMMERVILLE: This is one of the advertisements which was brought to the attention of the committee.

The WITNESS: This was referred to in the evidence at page 771, as Exhibit No. 77.

By Mr. Sommerville:

Q. What was the price paid for the overcoats?—A. \$17.50 for 385; and 7 at \$26.50.

By Mr. Factor:

Q. They were sold for how much?—A. \$25.00.

Q. So they made about \$7.50 on the \$17.50?—A. They made 33·5 per cent.

Mr. SOMMERVILLE: The total profit was 33·5 per cent.

Mr. HEAPS: That is the gross profit.

Mr. FACTOR: What is wrong with that?

The CHAIRMAN: Carr's Elysians, and Montagnacs, are ordinarily \$69.00; is that so?

By Mr. Young:

Q. Were there any of these coats in that?—A. Yes, the \$26.50.

Q. How many were there?—A. There could not be many, there were only 7, \$26.50 coats.

Mr. SOMMERVILLE: There were only seven \$26.50 coats which would represent the higher value coats in that lot of 400 that were offered, that left 393 coats bought at \$17.50.

Mr. FACTOR: You mean, there were 7 coats that cost the company \$26.50?—A. There were 385 coats bought at \$17.50.

Mr. YOUNG: What about the other eight?

Mr. SOMMERVILLE: Ordinarily up to \$69.50.

Mr. YOUNG: That makes 392 coats, doesn't it?

The WITNESS: 392 coats.

By Mr. Kennedy (Winnipeg):

Q. Is your point that certain articles were sold below cost with a view to attracting buyers?—A. Yes, and this is our explanation for the evidence given at page 771.

Q. That is the whole point of this?—A. Yes.

Q. To attract buyers with the possibility that one might get an expensive coat for a small price—sort of a sweepstake?

By Mr. Young:

Q. Was an excessive price charged for the cheaper coats in that case?—A. I would not say that.

Mr. SOMMERVILLE: The complaint that was made to the committee was that representations of Sedan Montagnacs and Carr's Elysians up to \$69.50 for \$25.00, carried a false impression to the general public and affected the price at which these goods could be sold by anyone in Montreal.

Mr. YOUNG: Could anybody go there to buy a coat and not get value for his money that day?

Mr. SOMMERVILLE: We have not followed through to the producer I am afraid.

The CHAIRMAN: The advertisement says this, and this is the feature from the point of this particular bit of evidence: Fleeces—Bar Elysians—Velours—Tweeds and Cheviots at dollars less than usual as well as 40 genuine French Sedan Montagnacs Ordinarily \$69.50 and 40 Genuine Isaac Carr's Elysians, Ordinarily \$45.00.

Mr. HEAPS: Were there that number of coats among them?

The CHAIRMAN: Then it goes on: Imagine getting the pick of fine Race-view fleece, velours, tweeds, cheviots, Montagnacs and Elysians—faultlessly tailored by one of Canada's best coat makers—for only \$25.00:

By Mr. Young:

Q. Were there forty Montagnacs in that lot?—A. The price would not indicate it.

By Mr. Kennedy (Winnipeg):

Q. Has it been ascertained, let's get down to facts, how many of these more expensive coats were in that group —?—A. No sir, not beyond the price.

Q. That might be, I do not think we can consider any of the classes from the price; it has not been ascertained, whether there were forty of these, or thirty, or twenty, or what you like?—A. No sir.

Q. Let us be fair about it?

By Mr. Factor:

Q. You cannot tell then whether there were forty Montagnacs, or not?—A. No, the question was raised in the previous evidence, the statement was made that you would secure the price which was paid.

Mr. SOMMERVILLE: We were asked to investigate and to ascertain this, and we asked Mr. Johnston so to do in connection with that purchase.

By Mr. Factor:

Q. But assuming there were forty, there was nothing misleading about that advertising?

Mr. FACTOR: Assume there were 40, was there anything misleading about the advertisement?

The WITNESS: Not if there were 40 at \$15.

The CHAIRMAN: There were 80, not 40.

The WITNESS: This is a similar advertisement that was referred to in the previous evidence.

Mr. KENNEDY (*Peace River*): Can you tell from your own knowledge of the business whether or not overcoats of that type would be bought for \$15?

The WITNESS: They could not be bought for \$15, Montagnacs.

Mr. KENNEDY (*Peace River*): You are sure of that?

The WITNESS: Quite sure.

Mr. YOUNG: Is there no possibility of breaking the French combine, as they did the Scotch?

The WITNESS: No.

The CHAIRMAN: Have you that letter from the Scotch firm of solicitors?

The WITNESS: Yes.

The CHAIRMAN: There have been two or three references to the breaking of a Scotch combine, which I think is a very unfair statement. There was no Scotch combine. As a matter of fact, there was no intimation at all from the committee, or anyone on it, but a firm of Scotch lawyers representing these firms, wrote to us about the matter. I had not intended bringing it up, but at the same time I cannot allow that impression to go out.

Mr. FACTOR: The whole thing does not amount to anything.

The CHAIRMAN: This is a letter from John Mair, of Newmilns, Ayrshire, Scotland, and it is headed "Scottish Madras Association," and addressed to myself, and reads in part as follows:—

On behalf of the above association, and as instructed by the members, I have the privilege of communicating with you in connection with the controversy between you and the T. Eaton Company Limited, and any other chain or multiple stores who adopt certain methods in business.

It is apparent that they saw the report in the paper of the reply that Mr. Eaton made when these advertisements were under discussion.

Dealing with the statements as appearing in the Winnipeg Free Press of the 16th and 18th January, as also appearing in the Drapers' record of 10th February, published in Britain, and also the advertisement which was published, recently, headed "More about Eaton's," I have the following observations to make which I trust will assist you not only in substantiating your arguments, but also in bringing the truth home to the Canadian public.

(1) With reference to the advertisement above referred to,—
That is the one that was read in the evidence a moment ago.

—I have no hesitation in stating that it contains misstatements. In the first instance, the advertisement states "Scottish weavers of this popular fabric (viz. Scotch Madras Muslins) band themselves together and fix the price of their product." The advertisement then goes on to state "as well attempt to move the rock beneath Edinburgh castle, as seek to change that price."

Mr. FACTOR: I guess that is what hurt.

The CHAIRMAN: Later, it is stated that owing to the size of the order, it was accepted at a price lower than the fixed price. "It was irresistible." Does this mean that the T. Eaton Company Limited, with all their resources, claim to be capable of shifting the rock beneath Edinburgh castle? If so, then surely the logical effect is that they appear to be capable of hammering any price, which reduced their argument to an absurdity. The real reason for the price having been fixed is as follows: Year after year, the price of madras for the Canadian market has been so cut, not necessarily on account of competition amongst manufacturers, and competition is extremely keen, but because of the methods of mass buying. The object in fixing a price was to prevent the goods being sold under cost. Admitted, if a large order is on the market, a certain amount of temptation inevitably arises to cut the price as much as possible, in the hope that by mass production, no loss may be involved, although at the same time there is little or no hope for any profit. If every manufacturer attempted mass production, not only this country, but every other country would be flooded with goods, all made on an uneconomical basis. Such conditions could only carry on with one result—the survival of the fittest; a condition of affairs not to be tolerated or even thought of. It is also an admitted fact that the lower the price, the lower the quality. When quality in Madras ultimately reaches such a low standard, it cannot conscientiously be described by the name of madras. It becomes a poor rag which no housewife would purchase after one experience.

(2) The advertisement referred to states the present fixed price was too high to permit of an attractive selling price for the Canadian household. The price fixed was 4½d. per yard for goods 36 inches wide, and 5½d. per yard for goods 45 inches wide, which included the cost of yarns, labour involved in producing, carriage to port, discount and commission. The Canadian public know the price they had to pay for these goods, and from this information they are in a position to judge whether the goods were bought and sold at an attractive price.

(3) With reference to the statement "An order for nearly a quarter of a million yards, the largest order in the long history of the largest madras house in Scotland" I cannot confirm or refute the amount of yards ordered, but the statement that it is the largest order ever placed

is absolutely untrue and without foundation. Again, the words "in the long history of the largest madras house in Scotland" are in the same category. As a matter of fact, the largest houses in the madras trade in Scotland did not make a yard of the order.

That is the substance of the letter.

Mr. ILSLEY: They admit the combine.

Mr. YOUNG: They admitted the fixed price, and admitted they lowered the price.

The CHAIRMAN: They admit the price for the product was fixed.

Mr. YOUNG: And Eaton's lowered it.

Mr. SOMMERVILLE: Yes, to give a cheaper price to the Canadian housewife; then they added a mark-up of 50 per cent on it.

Mr. FACTOR: There is nothing unusual about that.

The WITNESS: We have one other example of a coat sale, to which reference was made in previous evidence.

By Mr. Sommerville:

Q. You were asked to inquire into it?—A. Yes. The following example of an advertisement appearing in the Montreal Star will demonstrate the practice of averaging the merchandise purchased at different prices. On Friday, 3rd November, the T. Eaton Company Limited—

Q. This is the October advertisement?—A. On 20th October, the T. Eaton Company Limited of Montreal, advertised 400 winter coats at \$25, 25 per cent of these being genuine French Montagnacs, or genuine Isaac Carr's Elysians at \$25. The merchandise referred to in this advertisement, was purchased largely in Montreal. 20 coats were purchased from one factory at \$45; 3 coats were purchased from another factory at \$41; 13 coats were purchased from another firm at \$26; 10 coats were purchased at \$26; 50 coats were purchased at \$15.40; 281 coats were purchased at \$15.40; and the rest at \$15.40, or a total of 397 coats in all. They were sold at \$25. This is the merchandise referred to in exhibit 78, filed with the evidence on Tuesday, 27th March, 1934. That is the reason for this reference.

Q. Those are the prices paid for those coats, and in that case you had how many coats over \$25?—A. About forty-six coats.

Q. Forty-six coats over \$25?—A. 351 under—showed a mark-up of 33·3 on cost.

By Mr. Kennedy (Peace River):

Q. What would be the cost to the company—the laid down cost?—A. About \$18.45.

Q. That is average?—A. Average.

Mr. FACTOR: The point is that they were averaging.

The WITNESS: On the selling—selling Montagnacs costing \$45 for \$25.

Mr. SOMMERVILLE: The plan originally was that the advertisers sold Montagnacs valued at ordinarily \$69.50 and Carr's and Elysians ordinarily \$45 to \$25.

By Mr. Young:

Q. I think what Mr. Johnson read was an example of the effect of averaging the sale?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. Averaging the sale and figuring your average on average priced coats which show a net profit of—A. 33·3.

Q. In this case, as in the other, are you unable to state whether or not the advertised number of expensive coats was in the lot?—A. They were with the lot.

Q. They were. You are able to ascertain that?—A. Yes.

Mr. SOMMERVILLE: From the prices paid for the coats and the invoices you say the coats were there?

The WITNESS: The coats were there.

Mr. KENNEDY (*Peace River*): Are we getting the facts about the forty coats?

Mr. KENNEDY (*Winnipeg*): In this case he says they were in, but in the other case he did not know.

The WITNESS: The facts were indicated by the company as to the definite price.

Mr. KENNEDY (*Peace River*): The price they paid for them.

The WITNESS: Yes, and the definite goods that went into that sale.

By Mr. Young:

Q. Is this practice of averaging things together, of selling a group of things at an average price confined to these big houses, or is it followed by others?—A. No small houses could do it.

Q. They never do it?—A. Very seldom. This is one of the peculiarities to-day in the way the manufacturers bulk and average their stuff—they are sold on average basis. Take coats worth up to \$22 and down to \$12 and sell them at \$16.

Mr. SOMMERVILLE: That is to meet a selling price that is fixed by a large advertiser?

The WITNESS: That coat would retail for \$25.

The committee adjourned to meet at 3.30 p.m.

AFTERNOON SESSION

The committee resumed at 3.30 p.m.

WALTER L. GORDON, recalled:

By Mr. Sommerville:

Q. Mr. Gordon, continuing the merchandising methods, will you just finish up your summary on that?—A. This morning I explained that it was not the practice to make out large masses of orders covering the purchases by all different units. Statement H-2 shows some fairly large orders. The names are there. It was not printed for that reason.

By Mr. Young:

Q. This big order for Madras was an exceptional case, was it? They don't mass their orders into one?—A. They don't as a rule, no.

By Mr. Sommerville:

Q. Let us get clear on that. The department will buy, but is it not a fact that the manufacturer who sells to the department in Toronto knows that he will sell to Winnipeg, Halifax and the other stores as well?—A. To a large extent, yes.

By Mr. Young:

Q. How does he know?—A. Well, frequently buyers go together, and they make arrangements to take so much for Toronto and so much for the other places, but they would issue more than one order.

Q. You mean the buyer for the Winnipeg store and one for the Toronto store will go together to a manufacturer, we will say in some place else, and each place his own separate order?—A. Sometimes, yes.

Q. Is that the practice of the company?—A. Yes. Rather than make out the one written order, they would issue two or three or four.

Q. How many different stores keep buyers?—A. Every store. Every department manager is a buyer.

By Mr. Sommerville:

Q. Every department manager is a buyer, and each store is departmentalized. In the Toronto store you said there were 180 merchandising department managers?—A. Yes.

Q. And 40 in the mail order?

By Mr. Heaps:

Q. There is no centralized buying agency?—A. No.

By Mr. Young:

Q. You say each can buy; each can go together to the factory and buy their supplies?—A. They either do that or appoint one of their buyers to do it for them. The manager from Saskatoon, for instance, may get the Winnipeg buyer to place his order for him.

By Mr. Sommerville:

Q. But they will go through from the individual order?—A. The actual written order goes through from the different departments. Statement H-3 shows the total.

Q. Wait a minute, before we leave H-2. Let us get some idea of the size of the orders. Here are 20,000 gallons of oil from one firm; 900 washing machines from another; 250 vacuum cleaners; 10,000 cigarette machines; 9,000 pairs of hose, 1,000,000 razor blades.

Mr. YOUNG: Those must have been collective orders, surely.

By Mr. Sommerville:

Q. Well, these are marked "All stores", departments of all stores?—A. Yes. They would not be collective orders. One or two might, but not the majority.

By Mr. Heaps:

Q. Do they order 1,000,000 blades at one time?—A. Yes.

By Mr. Sommerville:

Q. Here is an order of 2nd September, 1932?—A. That might have been an order for all the branches. It is occasionally done, but it is not the usual practice.

Mr. FACTOR: It says, "All stores".

Mr. SOMMERVILLE: Yes, all stores. Here are Apex vacuum cleaners, 1,000 of them; 17,000 blankets; 7,200 overalls; 500 dozen slips; 400 dozen lingerie, slips; 150 refrigerators; 40 bedroom suites; another one of 40 bedroom suites; 2,950 pairs of trousers; 1,151 suits of clothes; made-to-measure, 2,200 suits of clothes; ready-made, 1,650; 500 suits of clothes; 1,000 top coats.

By Mr. Young:

Q. How would you give an order for thousands of made-to-order suits of clothes?—A. Well, they buy the suit lengths and they sell the suits.

Q. They send in the measure?—A. When they sell them, they measure the customer and the measurements are sent down to the manufacturer.

Mr. SOMMERVILLE: Here is an order for wallpaper, 333,000 rolls of wallpaper. Here is another one, 140,000 rolls of wallpaper. Another to another firm, 70,000 odd rolls of wallpaper; 100,000 rolls of wallpaper, another 100,000 rolls of wallpaper, 200,000, 200,000, 100,000.

Mr. YOUNG: Who was all that wallpaper bought from?

Mr. SOMMERVILLE: Different firms, some in Toronto, some in Montreal. There are six or seven firms mentioned.

By Mr. Sommerville:

Q. Then on the next page, H-3, you have grouped the purchases from suppliers of merchandise to the Ontario units of the company alone?—A. Yes.

Q. This is only Ontario, and this does not include what is supplied to Canadian Department Stores?—A. No.

Q. Or to the groceterias?—A. No.

The CHAIRMAN: It is for the year.

By Mr. Sommerville:

Q. For the year 1933?—A. Yes.

Q. Of these orders, amounts purchased, over \$500,000, one firm; \$400,000 to \$500,000, one firm; from \$300,000 to \$400,000, four firms; from \$200,000 to \$300,000, ten firms, totalling a great variety of things; purchases of \$100,000 to \$200,000, twenty-eight firms?—A. Yes.

Mr. HEAPS: For the whole year?

Mr. SOMMERVILLE: Purchases for the whole year.

By Mr. Sommerville:

Q. Those are just giving an idea of the volume of purchases for the Ontario units. Then there would be the western units and the maritimes as well as this?—A. Yes, there is a similar statement showing for Winnipeg.

By Mr. Factor:

Q. What is the significance of this statement other than indicating the volume of business?—A. None at all.

Mr. SOMMERVILLE: Quantity buying, volume.

The CHAIRMAN: A question of fact.

Mr. SOMMERVILLE: Yes.

Mr. YOUNG: What I can't understand is how the manufacturer, selling, we will say to the Toronto store, can have any assurance that he is going to sell to the Winnipeg store, if he uses the Toronto store. If the Winnipeg buyer is brought in, I don't know how he is going to be drawn by bargains giving to another branch.

Mr. SOMMERVILLE: If he has succeeded in selling to the largest unit, I presume he would sell to the other units; he would have a chance and he would fix his price accordingly.

By Mr. Heaps:

Q. Is there any indication that that is being done, Mr. Gordon?—A. There is no indication of any systematic combining of orders; but a supplier of regular merchandise is accustomed to selling so much to the different units each year, so I am informed.

By Mr. Sommerville:

Q. You will find, in the other units that are examined, the same suppliers?

—A. Yes.

Q. Supplying similar goods?—A. Yes.

Q. To all the different units?—A. Yes.

Q. Now, will you proceed with your narrative, please?—A. We were asked to look into the question of discounts, extra discounts or rebates. In some cases extra discounts or rebates are received from suppliers. These discounts are based in various ways, such as, first of all, a percentage on purchases over a given amount or on a sliding scale; secondly, a percentage on total purchases; thirdly, a flat rate on the quantity purchased, generally on certain specific lines; and fourthly, a flat rate per month or per season for general publicity. This occurs very seldom and for small amounts only.

The company's officials prepared lists of the extra discounts received in the year ended 11th January, 1934, by the Toronto stores, and Toronto mail order division. Extra discounts were received by the Toronto stores from 113 suppliers ranging in amount from \$8.16 to \$4,996 and totalling \$60,598.31. The mail order division received a total of \$23,862.79 from 42 suppliers ranging in amount from \$8 to \$3,839.76.

By Mr. Heaps:

Q. On what amount of purchases were those?—A. Total purchases of the Toronto stores.

Q. I mean, with regard to those rebates you have just referred to, what amount of purchases do they represent?—A. The list of those rebates was prepared by the company's officials, and it has not been compared with the total purchases from these individual suppliers.

By Mr. Sommerville:

Q. It is a statement of what they said they had received?—A. Yes.

By Mr. Heaps:

Q. You don't know what percentage that is of the total value of trade?—A. No.

Mr. NASH: It is a very big job to get that.

The WITNESS: Advertising allowances: Contributions towards the cost of the company's advertising were received by the Toronto stores in the year 1933 from 172 suppliers, according to the list supplied us by the company's officials. The contributions ranged in amount from \$4.20 to \$4,029.30 and totalled \$32,521.09. Contributions to the cost of the mail order catalogues in 1933 were received from 6 suppliers, amounting to \$5,952.39.

By Mr. Sommerville:

Q. Was there any evidence of any other contributions to the mail order catalogues?—A. We found a contribution from one supplier of \$5,250 towards the cost of the 1934 catalogue. That is the present one.

Q. The present catalogue?—A. Yes.

Q. That is one supplier who made a single contribution of \$5,250?—A. Yes, to the present catalogue.

Q. Have you examined as to whether or not other contributions have been received for the 1934 catalogue?—A. No, we have not.

Q. Or is this a departure from the practice of previous years?—A. I cannot say that either. The total for 1933 was \$5,952.39.

Q. Do you know whether or not a single supplier was the one who contributed \$5,952?—A. I believe it was a contributor, but not to the same extent.

By Mr. Kennedy (Winnipeg):

Q. Can you tell me whether the supplier who contributed to the 1934 catalogue, whether his goods were featured in that catalogue?—A. Yes, they were.

Q. Specially?—A. His name was advertised.

In some cases the manufacturers supply demonstrators to display and sell their particular lines in the stores. The officials of the company state that arrangements for demonstrators are usually made at the request of the manufacturers and that the total number in the Toronto stores at the 26th May, 1934, was:—

Paid by the T. Eaton Company and charged in full to suppliers..	29
Paid by the T. Eaton Company and charged in part to suppliers..	13
Paid direct by suppliers..	114
<hr/>	
Total number of demonstrators..	156

By Mr. Sommerville:

Q. And of the 156, those paid by the T. Eaton Company and charged in full to the suppliers numbered 29?—A. Yes.

Q. Those paid by the T. Eaton Company and charged in part to suppliers numbered 13?—A. Yes.

Q. And those paid direct by the suppliers numbered 114?—A. Yes.

Q. Do you know whether or not those demonstrators also sell other merchandise?—A. Yes. They come under the T. Eaton Company Limited for discipline and management.

Purchases made by the Toronto Stores and Mail Order division in the year 1933 from foreign countries amounted to:—

Great Britain..	\$2,322,626
United States..	852,557
Germany..	236,396
Switzerland..	117,645
Czecho-Slovakia..	92,050
Italy..	41,035
Austria..	30,050
Belgium..	30,735
Spain..	4,921
Sweden..	6,987
Foreign countries, including Holland, Finland, Hungary, Turkey, Norway, Denmark, Mexico, Poland..	9,680
China and Japan..	35,920
France..	240,473

A total of \$4,021,075 which compares with total purchases of approximately \$31,360,000, approximately 13 per cent.

Q. Yes, 13 per cent imported from outside countries and 86 per cent purchased at home?—A. Yes. In the above summary the pound sterling was converted into dollars at a rate of \$4.75.

The company does not make a practice of bringing in large quantities of merchandise on consignment. The total cost of merchandise brought in on consignment by the Toronto stores in 1933 amounted to approximately \$457,000 which included approximately \$145,000 of oriental rugs, \$93,000 of paintings,

etc., and \$75,000 of jewelery. This compares with the total purchases of the Toronto stores in 1933 of approximately \$23,000,000. I want to explain that this is the total brought in on consignment, and it does not include sales made from samples.

Q. In the furniture department you have samples put on the floor?—
A. On consignment.

Q. Then sales made from those samples— —A. Are regular sales and not consignment merchandise. I have an analysis of this.

Merchandising

The sales of the Toronto Store departments are very carefully watched by the merchandise office manager who keeps a check on the percentages of mark-up being obtained, the reductions in selling prices (or mark-downs) and who also decides the amount to be expended on advertising by each department (which is subject to revision from time to time). A somewhat similar check is kept in the mail order division.

In recent years of declining prices the merchandise office have called for higher mark-ups; they have always instructed the department managers what average percentage to aim at. The department managers are entirely responsible for the mark-ups on individual items of merchandise, although the merchandise office reveals all high and all low mark-ups each week in order to see that the fluctuations are not too great.

By Mr. Factor:

Q. Who fixes the initial mark-up?—A. The department manager.

By Mr. Sommerville:

Q. He is told what he has to aim at and he fixes the mark-ups on the various items, having in mind the class of his stock and the expectations of sale in order to arrive at this mark-up that he aims at.—A. Yes. The individual mark-ups are left entirely to him.

The expenses of the departments are budgeted and checked by the "expense office" which is directly responsible to the director in charge of merchandise. The "expense office" is also responsible for checking the expenses of the mail order division, Canadian Department Stores, Toronto factory, etc.

It has been the company's policy to increase the advertising in recent years in order to attempt to overcome the increased sales resistance on the part of the public. Statement I-2 shows the particulars of the increase for the Toronto stores both in the number of lines of advertising in the four Toronto daily papers and also in the total cost for the years 1926 to 1933 inclusive

Q. The 1926 total was \$544,213?—A. Yes, and 4,601,256 lines.

Q. Yes, and for last year?—A. Last year it was \$878,770.

Q. An increase of about 50 per cent in cost?—A. The cost increased 61 per cent and the number of lines increased 46 per cent.

Q. And sales were reduced from \$53,000,000 to \$34,000,000?—A. Yes.

THE T. EATON CO., LIMITED

STATEMENT OF THE ADVERTISING OF THE TORONTO STORES
22ND JANUARY 1926 TO 11TH JANUARY, 1934

Year ended	Number of Advertising Lines					
	The Toronto Daily Star	The Evening Telegram	The Mail and Empire	The Globe	Total	Total Cost
20th January, 1927.....	1,682,910	1,727,285	598,880	592,181	4,601,256	\$ 544,213
19th January, 1928.....	1,766,350	1,785,824	629,963	617,134	4,799,271	571,301
31st January, 1929.....	2,009,415	2,010,029	698,923	675,547	5,393,914	673,278
30th January, 1930.....	2,118,118	2,109,055	667,987	697,170	5,592,330	715,293
29th January, 1931.....	2,312,826	2,310,939	655,449	864,393	6,143,607	806,465
14th January, 1932.....	2,502,353	2,484,557	619,150	649,911	6,255,971	792,053
12th January, 1933.....	2,537,121	2,525,559	618,044	616,370	6,297,094	828,963
11th January, 1934.....	2,753,249	2,707,114	654,274	596,792	6,711,429	878,770

The WITNESS: The number of mail order catalogues issued since 1929 has decreased particularly because of the increased number of people on relief who have not been in the position to buy merchandise and to whom catalogues have not been sent in recent years.

The amount to be expended on advertising by each department is decided by the merchandise office manager who may also suggest that a department concentrate its advertising on regular merchandise or on special lines. The final decision as to the actual merchandise to be advertised, however, is made by the department managers. The advertising method to be employed is left to the advertising department to settle. The advertising department is also responsible for reporting to the merchandise office if the departments do not keep within their allowance for advertising.

The merchandise office also supervises the "8.30 special" sales and a lot of sales. The policy of placing certain merchandise on sale from 8.30 to 9.30 in the morning is a long-established one in the T. Eaton Company, the object being to fill the store as early as possible and to keep the sales clerks busy. The merchandise office sets the dates of these "8.30 specials" in advance and notifies different departments in turn to advertise merchandise which will be sold at prices which will attract a crowd. The company's officials stated that the reductions in mark-up are usually small but that limited quantities of attractions such as candies, toys, soaps, sugar, drugs, groceries, etc., have been offered for sale at slightly less than cost.

By Mr. Factor:

Q. Are you dealing with the mail order business as a separate department later on?—A. Yes. Statement H-4 shows 24 departments of the Toronto stores in which merchandise other than clearance stocks was advertised and sold at less than laid down cost in the year ended 11th January, 1934. The total sales of this nature amounted to \$137,803. This statement was prepared by officials of the company and does not include sales made at less than cost which were not advertised.

THE T. EATON CO. LIMITED

MERCHANDISE OTHER THAN CLEARANCE STOCKS ADVERTISED AND SOLD AT LESS THAN LAID-DOWN COST
BY TORONTO STORES DEPARTMENTS, YEAR ENDED 11TH JANUARY, 1934

Department		Sales	Percentage to Total Sales
		\$	%
A 10	Hosiery.....	17	.....
A 14	Men's Hosiery.....	37	.....
A 30	Handkerchiefs.....	487	-4
C 10	Underwear.....	305	.....
D 10	Drugs.....	6,643	1.1
D 12	Perfumes.....	1,794	.5
D 18	Soaps.....	4,099	1.9
D 20	Candies.....	14,023	4.5
E 30	Groceries.....	56,671	4.0
E 34	Groceteria.....	39,522	8.2
E 52	C & S Meats.....	117	.....
H 70	China Glassware.....	45	.....
H 82	Woodenware.....	150	.....
M 14	Shirts.....	1,647	-5
M 31	Men's Suits.....	225	.....
T 10	Toys.....	4,380	1.9
L 12	Sundries.....	7	.....
L 16	Confectionery, Notions, etc.....	3,314	1.3
L 24	Piece Goods.....	136	.1
L 40	Men's Furnishings.....	13	.....
L 56	Women's Garments.....	369	.1
HF 20	Furniture.....	2,272	.2
HF 25	Beds.....	1,359	.3
HF 44	Paints.....	171	.1
	Total.....	137,803	-4

By Mr. Sommerville:

Q. These are evidences of loss leaders?—A. Yes.

Q. That is, in 24 departments?—A. Yes.

By Mr. Young:

Q. And it was .4 per cent of their sales?—A. Yes, sir.

Q. Were all those sold as loss leaders?—A. Those are what have been referred to as loss leaders. The statement is headed "Merchandise other than clearance stocks advertised and sold at less than laid down cost."

By Mr. Factor:

Q. A substantial portion of that apparently is on groceries and groceteria?
—A. Yes.

Q. Totalling \$96,000?—A. Yes.

By Mr. Sommerville:

Q. Candies, \$14,023; groceries, \$56,671; and groceteria, \$39,522?—A. Yes.

By Mr. Kennedy (Peace River):

Q. Do they deal in bread products?—A. They do not advertise them as loss leaders; they may sell bread; I did not inquire into that, but it is not the policy to advertise those products or to sell them at less than cost.

Q. Are they sold in their grocery department?—A. I do not know.

Mr. SOMMERVILLE: Bread is not sold as a loss leader in Toronto.

The WITNESS: If bread is sold at all it is sold above cost but not advertised as a loss leader.

By Mr. Sommerville:

Q. And these are only the items that are sold at less than the laid down cost?—A. Advertised and sold.

Q. There may be many thousands of articles that are sold at the laid down cost or 10 per cent about which would not be included in this.

By Mr. Young:

Q. C. & S. meats, is that cured and salted?—A. No, Carry & Save Department.

The WITNESS: The company have not discontinued the policy of "loss leader" advertising although they still sell articles at as low a price as their competitors even if it means incurring a loss.

It is the company's policy to operate certain departments such as the groceries at a loss as a service to its customers in order to get them into the habit of buying from "Eaton's." The grocery department does not return a net profit to the company.

By the Chairman:

Q. They do not expect it to?—A. That is what the officials informed us.

By Mr. Sommerville:

Q. Do you know about the loss leaders in other units?—A. Our agents made an examination of the records of the Edmonton store and report that 8 per cent of the sales of that store are sold at an advance of 10 per cent or less. In the same store 3½ per cent of the sales of the drug department are sold at cost or less.

Q. We have got 3½ per cent of loss leaders in the drug department of that store?—A. Yes.

By Mr. Heaps:

Q. Are these advertised goods?—A. I cannot tell you definitely, but they would not sell them as loss leaders without advertising them as such in the regular course of business.

By Mr. Factor:

Q. In the grocery department, the total loss was \$56,390 and the loss leaders amounted to \$56,671?—A. Yes.

Q. All the loss seems to have been sustained through selling loss leaders.

Mr. SOMMERVILLE: It is just a coincidence.

The WITNESS: No, the head office make an allowance to the department for any loss incurred in this manner. I do not think that the two figures are comparable.

By the Chairman:

Q. Therefore, the loss in the grocery would be almost double were they not credited back with the loss leaders?—A. If that is the case, yes.

Sales called "Maple Leaf Specials" and "Supervalues" are put on from time to time; these are arranged in advance and last for a full day. A considerable quantity of merchandise is usually sold at these sales and it is not the practice to take losses, a reasonable mark-up usually being insisted upon, the mark-up being lower than the average however.

"Spotlight" sales are carried on in January and February—different lines of merchandise being sold on different days. Considerable quantities of merchandise are sold and the mark-ups are maintained at reasonable levels. Merchandise for these sales is usually contracted for, well in advance at lower than the prices usually prevailing.

Department Managers.—While a continual check is kept of the operations of the various departments it is the company's policy to give the managers every opportunity to display initiative, originality and judgment, but they are held directly responsible for the results of their departments and their remuneration depends to a substantial extent on these results. They receive their remuneration in the form of salaries and bonuses which in some cases are quite substantial. The relationship of the bonuses to the total remuneration varies; the more experienced employees holding responsible positions receive the larger bonuses which in some cases exceed the total amount paid to them in the form of salary.

Mr. FACTOR: The bonuses depended upon the volume of business done in the department.

Mr. SOMMERVILLE: The balance of that paragraph will perhaps illustrate that.

The WITNESS: The profits, volume of sales, etc., are taken into consideration in setting the bonuses but the amounts paid are not entirely based on these. In determining the bonuses such things as the responsibility of the particular department manager, his value to the company, what he was paid in the previous year, etc., are kept in mind, as well as the profits and volume of business of the department. Bonuses have been paid to some department managers in recent years even though losses were incurred.

Both salaries and bonuses were considerably reduced after 1930 and no general increases to the higher-paid groups of employees (including department managers) have as yet been put into effect.

By Mr. Sommerville:

Q. Dealing with the operations of the Toronto store, merchandising—is this statement I-3 printed?—A. Statement I-1 shows the results of the Toronto store unit year by year from 1925 to 1933.

THE T. EATON CO. LIMITED

TORONTO STORES—COMPARATIVE OPERATING STATEMENT—23RD JANUARY 1925 TO 11TH JANUARY 1934

	Year Ending 21st January, 1926	Year Ending 20th January, 1927	Year Ending 19th January, 1928	Year Ending 31st January, 1929	Year Ending 30th January, 1930	Year Ending 29th January, 1931	Year Ending 14th January, 1932	Year Ending 12th January, 1933	Year Ending 11th January, 1934
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sales	50,143,152	53,082,905	55,307,625	59,534,932	59,136,529	55,345,172	47,986,450	39,124,375	34,711,594
Cost of Sales	37,239,793	38,874,520	39,663,055	42,705,571	42,795,940	40,326,547	34,436,370	27,100,377	23,476,960
Gross Profit	12,903,359	14,208,385	15,644,570	16,829,361	16,340,589	15,018,625	13,550,080	12,023,998	11,234,634
Gross Profit Percentage on Cost	34.65%	36.55%	39.44%	39.41%	38.18%	37.24%	39.35%	44.37%	47.85%
Workroom Wages	916,112	992,773	1,286,605	1,451,749	1,489,932	1,433,104	1,222,482	958,383	846,769
Net Gross Profit	11,987,247	13,215,612	14,357,965	15,377,612	14,850,657	13,585,521	12,327,598	11,065,615	10,387,865
Net Gross Profit Percentage on Cost	32.19%	34%	36.20%	36.01%	34.70%	33.69%	35.80%	40.83%	44.25%
Overhead included in Cost of Sales by Company							75,349	324,518	348,679
Net Gross Profit according to Company's Records	11,987,247	13,215,612	14,357,965	15,377,612	14,850,657	13,585,521	12,252,249	10,741,097	10,039,186
Expenses	10,797,973	11,197,853	11,676,066	12,864,557	13,044,385	13,096,454	12,859,018	11,581,508	10,505,601
Net Profit or Loss according to the Company's Records	1,189,274	2,017,759	2,681,899	2,513,055	1,806,272	489,067	606,769	840,411	466,415

Q. Perhaps you would read your narrative there, it sets it out rather completely?—A. If you examine the statement, a comparison of the sales and the gross profit for each year and their relationship to the results of the year ended 21st January, 1926 are as follows:

Year	Sales		Gross Profit	
	Amount	Percentage	Amount	Percentage
	\$	%	\$	%
Year ending 21st January 1926.....	50,143,152	100	12,903,359	100
" 20th " 1927.....	53,082,905	106	14,208,385	110
" 19th " 1928.....	55,307,625	110	15,644,570	121
" 31st " 1929.....	59,534,932	119	16,829,361	130
" 30th " 1930.....	59,136,529	118	16,340,589	127
" 29th " 1931.....	55,345,172	110	15,018,625	116
" 14th " 1932.....	47,986,450	96	13,550,080	105
" 12th " 1933.....	39,124,375	78	12,023,998	92
" 11th " 1934.....	34,711,594	69	11,234,634	87

In compiling this statement the year 1926 has been taken as the base year, representing 100 per cent.

It will be seen from the above summary that while the sales in the year ended 11th January, 1934 amounted to only 69 per cent of the sales for the year ended 21st January, 1926, the gross profit was only reduced to 87 per cent of the figure for the year ended 21st January, 1926. This was accomplished by the increased mark-up percentage obtained in recent years.

Q. The mark-up percentage has increased?—A. After deducting work-room wages, 32·19 per cent in 1926; 33·69 per cent in 1931; 40·83 per cent in 1932; and 44·25 per cent in 1934.

Q. The rate of mark-up increasing from 32·19 per cent in the year ending January 21, 1926, as compared to 44·25 per cent in the year ending January 11, 1934?—A. Yes.

Q. And in connection with that statement the significant figures appear to be in the year 1926—\$50,000,000 worth of business and a gross profit of \$12,903,000?—A. Yes.

Q. In the year 1934 sales totalled \$34,700,000 with gross profits of \$11,234,000?—A. Yes, the first year was nearly \$12,900,000.

Q. Yes, and on \$50,000,000 of business in 1926 expenses were \$10,797,000; and on \$34,700,000 in 1933, the expenses were \$10,505,000; in other words, expenses have been reduced about \$250,000 while sales have been reduced \$16,000,000—is that about right?—A. Yes.

Q. In 1926 the cost of sales was apparently 74 per cent; that is, 37 million as compared to 50 million?—A. Yes.

Q. And in 1934 the cost of sales amounted to 67 per cent?—A. 1933 was 67·6 per cent.

Q. As 23 million to 34 million?

Mr. FACTOR: The significant thing I think is that despite the increase in the mark-up to 44·05 per cent the profit of \$1,189,000 shown in 1925 was turned into a loss of \$466,415 in 1934.

Mr. SOMMERVILLE: You have ten million dollars worth of expenses on sixteen million dollars less business—that immobile load that Mr. Ilsley has suggested.

Mr. ILSLEY: Yes.

Q. Just before you leave this comparative statement I-1, in your narrative you intimate after referring to the losses of the last few years, the results of each department for the year ended 11th January, 1934 are shown in statement F-1. You refer back to statement F-1?—A. Yes.

Q. 90 departments incurred loss and 78 showed profits in that year?—A. That is correct, the cafeteria department expenses are expected to break even, any property loss transferred elsewhere.

Q. Now then the next statement is what?—A. I-3.

Statement I-3

THE T. EATON CO., LIMITED

(COMPARATIVE STATEMENT OF THE NUMBER OF SALES TRANSACTIONS AND THE AVERAGE SALES FOR THE TORONTO, WINNIPEG AND MONTREAL STORES AND THE TORONTO AND WINNIPEG MAIL ORDER DIVISIONS)

	Year ending 22nd January, 1925	Year ending 21st January, 1926	Year ending 20th January, 1927	Year ending 19th January, 1928	Year ending 31st January, 1929 (54 weeks)	Year ending 30th January, 1930	Year ending 29th January, 1931	Year ending 14th January, 1932 (50 weeks)	Year ending 12th January, 1933	Year ending 11th January, 1934
<i>Toronto Stores—</i>										
Sales.....	48,883,000	50,143,000	52,265,000	54,537,000	59,146,000	58,975,000	55,244,000	47,919,000	39,077,000	34,665,000
Number of transactions.....	41,426,519	41,894,421	42,410,303	42,925,496	45,118,354	43,859,085	44,088,186	43,217,901	41,467,560	38,170,244
Average Sale.....	1.18	1.20	1.23	1.27	1.31	1.35	1.25	1.11	.94	.91
<i>Winnipeg Store—</i>										
Sales.....	.....	.....	.....	.....	.....	29,869,000	27,918,000	23,326,000	20,054,000	18,341,000
Number of transactions.....	.....	.....	.....	.....	.....	29,593,640	30,433,303	28,920,044	28,795,960	28,452,496
Average Sale.....	.....	.....	.....	.....	.....	1.01	.92	.81	.70	.64
<i>Montreal Store—</i>										
Sales.....	.....	.....	13,259,000	16,837,000	20,175,000	22,402,000	21,547,000	18,776,000	15,814,000	14,803,000
Number of transactions.....	.....	.....	8,713,192	10,759,034	12,688,517	13,643,098	14,146,086	13,540,388	13,180,186	13,846,206
Average Sale.....	.....	.....	1.52	1.57	1.59	1.64	1.52	1.39	1.20	1.07
<i>Toronto Mail Order Division—</i>										
Sales.....	22,733,000	24,293,000	24,071,000	23,596,000	24,071,000	24,312,000	21,626,000	15,792,000	11,822,000	11,423,000
Number of transactions.....	11,773,040	12,906,007	12,838,262	12,889,245	13,132,002	13,585,607	12,866,182	10,373,842	8,646,897	9,034,566
Average Sale.....	1.93	1.88	1.88	1.83	1.83	1.79	1.68	1.52	1.37	1.26
<i>Winnipeg Mail Order Division—</i>										
Sales.....	.....	.....	.....	.....	.....	20,275,000	22,027,000	17,382,000	16,621,000	17,139,000
Number of transactions.....	.....	.....	.....	.....	.....	17,040,074	14,289,047	13,142,881	13,522,346	14,321,463
Average Sale.....	.....	.....	.....	.....	.....	1.71	1.54	1.32	1.23	1.20

Statement I-3 is a comparative statement of the number of sales transactions in each year from 1924 to 1933 for the Toronto stores; for the last five years for the Winnipeg stores; shows eight years for the Montreal store; for the ten year period for the Toronto mail order division; and for the last five years for the Winnipeg mail order division.

With respect to the Toronto store it indicates that the average sale decreased from \$1.18 in 1924 to \$0.91 in 1933.

Q. For a total of 38,170,244 transactions?—A. In 1933.

Q. That is how many to-day?—A. The Winnipeg store the last five years shows that the average sale has decreased from \$1.01 in 1929 to \$0.64 in 1933. In the Montreal store the average sale increased to \$1.64 in the year 1929, and has since decreased to \$1.07. In the Toronto mail order, the average sale was \$1.93 in 1924, and it has shown a steady decrease to \$1.26 in the year 1933. In the Winnipeg mail order we find a decrease for each of the first five years; in 1929 the average sale was \$1.71, and in 1933 it was \$1.20.

By Mr. Factor:

Q. In spite of that the mail order business was profitable compared to the retail store business?—A. It has been decreasing in Toronto since 1924.

By Mr. Sommerville:

Q. Can you give the number of transactions per day?—A. The approximate number of sales per day based on a 300-day business year would be—do you want it in total?

Q. Toronto, take the year 1933?—A. The Toronto store in 1933 would average 127,234 transactions per day; the Winnipeg store 94,841, the Montreal store 46,154, the Toronto mail order 30,115, the Winnipeg mail order 47,735; a total of 346,079 transactions for these five units.

Q. What were they at the peak?—A. The total number of transactions?

The CHAIRMAN: Take the Toronto peak and minimum.

The WITNESS: In Toronto, the average number of transactions per day in the year 1928 was 150,394. It showed a slight decrease in 1929 to 146,000 odd.

The CHAIRMAN: Have you got the peak and the minimum in any one year? The average is of no value. Have you the peak and minimum?

The WITNESS: No, not in any one year.

THE T. EATON CO. LIMITED

COMPARATIVE OPERATING STATEMENT OF THE TORONTO STORES, WINNIPEG STORE, MONTREAL STORE AND THE TORONTO AND WINNIPEG MAIL ORDER DIVISION
(For the year ended 11th January 1934 According to the Company's Records)

	Toronto Stores		Winnipeg Store		Montreal Store		Toronto Mail Order		Winnipeg Mail Order		Total	
	—	Percentage to Sales	—	Percentage to Sales	—	Percentage to Sales	—	Percentage to Sales	—	Percentage to Sales	—	Percentage to Sales
Sales.....	\$ 34,711,594	100.0	\$ 18,341,445	100.0	\$ 15,053,219	100.0	\$ 11,422,858	100.0	\$ 17,138,601	100.0	\$ 96,667,717	100.0
Cost of Sales.....	23,422,964	67.5	13,314,575	72.4	10,326,182	68.5	7,938,307	69.5	12,023,748	70.2	67,025,776	69.3
Workroom Wages.....	846,194	2.4	286,234	1.6	233,381	1.5	9,202	0.1	24,567	0.1	1,399,578	1.4
Gross Profit.....	24,269,158	69.9	13,600,809	74.0	10,559,563	70.0	7,947,509	69.6	12,048,315	70.3	68,425,354	70.7
Expenses—	10,442,436	30.1	4,740,636	25.8	4,493,656	29.8	3,475,349	30.4	5,090,286	29.7	28,242,363	29.2
Sales Wages.....	2,200,487	6.3	972,398	5.3	784,863	5.2	.....	.....	.....	.....	3,957,748	4.1
Expense Wages.....	1,150,315	3.3	659,801	3.6	386,901	2.6	408,955	3.6	615,837	3.6	3,221,809	3.3
Advertising and Merchandise Display.....	3,350,802	9.6	1,632,199	8.9	1,171,764	7.8	408,955	3.6	615,837	3.6	7,179,557	7.4
Catalogue expense.....	1,314,113	3.8	414,670	2.2	714,787	4.7	.....	.....	.....	.....	2,443,570	2.5
Delivery Expense.....	1,314,113	3.8	427,549	2.3	714,787	4.7	706,473	6.2	768,220	4.5	1,487,572	1.5
Expenses charged to cost of sales in Company's records.....	971,144	2.8	414,040	2.2	206,994	1.4	634,606	5.6	922,994	5.4	3,149,778	3.3
Sundry Departmental expenses.....	403,250	1.2	162,055	0.9	199,637	1.3	95,821	0.8	152,931	0.9	1,013,744	1.1
General expenses.....	832,431	2.4	408,404	2.2	325,680	2.2	261,260	2.3	397,066	2.3	2,224,841	2.3
	2,024,098	5.8	755,937	4.1	660,392	4.4	687,320	6.0	1,034,017	6.0	5,161,764	5.3
	3,259,779	9.4	1,326,396	7.2	1,185,709	7.9	1,044,401	9.1	1,584,064	9.2	8,400,349	8.7

Interest and Stock charges.....	258,998	0.7	94,047	0.5	106,387	0.7	49,183	0.4	66,857	0.4	575,472	0.6
Furniture and Fixtures—carry-	157,466	0.5	65,110	0.4	70,797	0.5	1,169	.....	632	.....	295,174	0.3
ing charge.....	1,596,549	4.6	644,064	3.5	925,738	6.1	112,624	1.0	208,279	1.2	3,487,254	3.6
Rent and Space Charges.....												
	2,013,013	5.8	803,221	4.4	1,102,922	7.3	162,976	1.4	275,768	1.6	4,357,900	4.5
Total expenses charged to Depart-												
ments in Company's records.....	10,908,851	31.4	4,603,405	25.0	4,382,176	20.1	2,957,411	25.9	4,166,883	24.3	27,018,726	27.9
Net Departmental Profit or Loss												
per Company's records.....	466,415	1.3	137,231	0.8	111,480	0.7	517,938	4.5	923,403	5.4	1,223,637	1.3

Statement I-4 shows the comparative results of the operations of the Toronto stores, the Winnipeg store, the Montreal store, and the Toronto and Winnipeg mail order divisions for the year 1933. The sales in each unit are shown at 100 per cent. Of the various other items, the costs are shown as percentage to sales.

Mr. SOMMERVILLE: Percentage to sales?

The WITNESS: In this statement, yes.

The CHAIRMAN: Would it not be better to use the term "index"?

The WITNESS: Yes, sir.

The CHAIRMAN: Probably it would be better, because when you say "percentage" it might be misleading to the press listening. Index would be better, if it is just as convenient to you.

The WITNESS: Yes.

By Mr. Sommerville:

Q. Taking your sales of the year as having an index number of 100?—A. The cost on sales in Toronto would be 67·5—do you want me to read them right across or up and down?

Q. I think you had better take the statement down?—A. The workroom wages would be 2·4; the total for those two items would be 69·9, leaving the gross profit 30·1.

Q. On sales?—A. On sales. The sales wages would be 6·3 per cent; expenses, wages, 3·3 per cent, a total of 9·6; advertising and merchandise display 3·8; delivery expenses 2·8; the various general expenses total 9·4; interest and stock charges ·7; furniture and fixture carrying charges ·5; rent and space charges 4·6, making a total of those three items of 5·8; the total expenses charged the departments amounting to 31·4, which resulted in a loss of 1·3.

Q. After charging the departments interest, depreciation and carrying charges?—A. All the expenses.

Q. Furniture and fixtures, rent and space charges?—A. Yes.

Q. Now, I observe the total expenses charged to departments in Toronto was 31 cents, but in Winnipeg it was 25 per cent?—A. 25 per cent, yes.

By the Chairman:

Q. These are two comparable stores, are they not?—A. Yes.

Q. Retail stores in both instances?—A. Yes.

By Mr. Sommerville:

Q. That is to say, in Toronto, out of the sales dollar, 31 cents goes to expenses. In Winnipeg, 25 cents go to—A. Yes.

Q. Yet they make money in Winnipeg.

Mr. FACTOR: They have to pay out more for the merchandise, 72·4 as compared with 67·5.

Mr. SOMMERVILLE: Their operation is cheaper?

Mr. NASH: Yes.

Mr. YOUNG: It is cheaper all the way along the line.

Mr. KENNEDY (Winnipeg): Do you know how that difference is accounted for?

The WITNESS: Well, the wages, sales and expenses; wages in Winnipeg are down.

Mr. KENNEDY (Winnipeg): What is the difference?

The WITNESS: ·7 of one per cent.

Mr. KENNEDY (*Winnipeg*): Less in Winnipeg?

The WITNESS: Less in Winnipeg.

Mr. NASH: Would it be convenient to consider this as a sales dollar? Of the sales dollar in Toronto, 69·9 is the cost of the goods; in Winnipeg 74 cents out of every dollar is the cost of the goods.

By Mr. Sommerville:

Q. Now, in the mail order at Toronto, the expenses are 85·9?—A. Yes.

Q. As compared with 31·4 in the retail store?—A. Yes.

Q. In the Winnipeg mail order the expenses are 24·3?—A. Yes.

Q. On sales?—A. Yes.

Q. And the Winnipeg and Toronto mail order are profitable enterprises, are they?—A. Yes.

Q. The Winnipeg store and the mail order being the most profitable units in the system?—A. The most profitable group, yes.

Mr. KENNEDY (*Winnipeg*): The Winnipeg mail order sales are in excess of the Toronto mail order?

The WITNESS: They are in the year 1933.

Mr. SOMMERVILLE: In Winnipeg, the sales were \$17,000,000, one would observe, as against \$11,000,000 in Toronto.

Mr. ILSLEY: Have you any figures to show whether the mail order business was up or down, as a whole, and how much, since 1930?

The WITNESS: Yes, that will be shown on statement J-2.

Mr. ILSLEY: You have not come to that yet.

The WITNESS: No.

By Mr. Kennedy (Winnipeg):

Q. Comparing the Toronto stores with the Winnipeg store, I see the first item on the Winnipeg stores shows the cost of sales was 72·4, and the Toronto store 67·5, and the work room wages 2·4 in Toronto as against 1·6 in Winnipeg. That means a lower rate of wage in Winnipeg?—A. Not necessarily; they may not employ as many work room employees. The total amount in dollars paid out in Winnipeg is a lower percentage to sales than the total amount of dollars paid out in Toronto. But to get the rates of wages, you would have to know the number of their employees.

Q. Then, the figures 2·5 and 1·6 do not reflect the rate of wages the individuals received?—A. No.

Mr. NASH: It would depend upon how much fitting there was done. You might find in one town more than another.

Mr. KENNEDY (*Winnipeg*): I would imagine it would be no harder to fit out there than here.

The WITNESS: No.

Mr. SOMMERVILLE: This indicates they are easier to fit.

Mr. NASH: Yes.

Mr. YOUNG: Straighter, more uniform in shape and size.

Mr. SOMMERVILLE: No differentials.

Mr. YOUNG: Standardized.

Mr. FACTOR: The sales wages seem to be lower, too.

The WITNESS: The amount of the sales dollar spent in wages is lower in Winnipeg than it is in Toronto.

The CHAIRMAN: We will come to an analysis of the wages later on.

The WITNESS: Yes.

The CHAIRMAN: I think we had better leave it till then.

The WITNESS: I think that completes the narrative. This dealt so far with the results of the Toronto stores in total, and it is now the intention to present detailed statements of certain of the individual departments.

The CHAIRMAN: Will you present that, Mr. Nash, please?

Mr. A. E. NASH, recalled.

The WITNESS: We took the men's clothing department, M-31, and our statement No. AA1.

By Mr. Sommerville:

Q. Is that printed?—A. It is printed, yes. This statement shows 63 examples of suits, overcoats, overalls, selected from the orders in the department to show the laid down cost of those goods, and the initial mark-up on costs as indicated by the invoices and the percentage of the mark-up to laid down costs.

Q. The initial mark-up varies from— —A. Varies from 70.4 per cent to 25.7 per cent for suits and from 94 per cent to 32.3 per cent for overcoats, and the maintained mark-up of the whole was 35.27 per cent on costs.

Q. After allowing for all mark-downs and shortages?—A. After allowing for mark-downs, shortages and so on.

Q. And averages? Let us have a few samples.

(Statement AA-1 and other statements showing examples of prices spreads printed in appendix to this day's record.)

Mr. FACTOR: 35.27 is the spread between costs and the sales?

The WITNESS: The average maintained mark-up on costs.

By Mr. Sommerville:

Q. The first item—Montreal— —A. Montreal firm, 4 piece suits, laid down cost including sales tax and freight, \$17.31, initial selling price \$25, mark-up \$7.69 or 44.5 per cent on cost. Another part of the same order shows the cost of the goods to be \$17.31, marked up to \$29.50, showing 70.4 per cent on cost.

Mr. KENNEDY (Winnipeg): Are you reading from statement AA.1?

The WITNESS: I am reading the first two lines there.

Mr. FACTOR: You do not show the amount of the latter purchase; is that included?

Mr. SOMMERVILLE: The value is shown there.

Mr. FACTOR: The two are grouped?

The WITNESS: Yes.

By Mr. Sommerville:

Q. Take some of the larger items, \$2,115?—A. Four piece suits, purchased for \$12.52, laid down, marked up to \$20, a profit of \$7.48 or 59.7 per cent on cost.

Q. \$9,520 purchase?—A. Also 4 piece suits, and the cost laid down \$10.68, marked up to \$16.50, \$5.80 initial mark-up, or 54.5 per cent on cost.

Q. Give us the next large one?—A. The next large one, purchased from another Montreal firm, the amount of invoice \$7,453.40, purchased for \$17.67 laid down, marked up to \$26.50, initial mark-up \$8.83, 50 per cent on cost. The next item, purchased from another Montreal firm, also 4 piece suits, laid down for \$13.54, marked up to \$20, or \$6.46 initial mark-up, 47.7 per cent on cost.

Q. Here is a large item, \$14,970.35?—A. Purchased from a Montreal firm, 4 piece suits, amount of invoice, \$14,790.35, purchased for \$13.69, laid down, marked up to \$20, a mark-up of 6.31 or 46.1 per cent on cost.

Mr. BELL: What year?

The WITNESS: All in 1933, or in some cases, January or February, 1934, some recent cases.

By Mr. Sommerville:

Q. Here is another one, \$12,281.50?—A. Also 4 piece suits, laid down at \$15.44, marked up to \$21.50, \$6.06 initial mark-up, or 39.2 per cent on cost.

Q. The next item is also the same?—A. The next item, \$15,935.50; the purchase included the same mark-up.

Q. I observe that of all these firms, only one is a Toronto firm, and the rest are Montreal firms.—A. I think most of the purchases in this department have come from or are made in Montreal, or from the Eaton factory, as we will show you on another sheet.

Mr. YOUNG: Does Toronto object to that?

Mr. SOMMERVILLE: No, it is just an observation that these sixty-three examples were instances.

The WITNESS: It is not leaving Toronto out in the cold; it is the ordinary run of the business in that department that the purchasing is done in Montreal.

Mr. FACTOR: Probably they can get them cheaper in Montreal.

The WITNESS: I think the Montreal needle trade generally produces a cheaper garment than in Toronto.

By Mr. Sommerville:

Q. Overcoats?—A. The first purchase in Montreal is \$3,763.50 and shows a unit laid-down cost of \$10.31, mark-up—two prices \$20 and \$15. Average initial mark-up \$9.69 in one case and \$4.69 in the other, mark-up 94 per cent and 45.5 per cent respectively on cost.

Topcoats purchased in Montreal to the amount of \$12,592.50, laid-down at \$12.28, mark-up \$19.75, initial profit \$7.47 or 60.8 per cent on cost.

Overcoats \$13,290.75, unit laid-down cost \$15.89, mark-up from \$19.75 to \$25 or 24.3 per cent and 57.3 per cent on cost.

Q. Here is another example of overcoats \$4,928?—A. Overcoats unit laid-down cost \$16.43, marked up to \$25, initial mark-up \$8.75, 52.2 per cent on cost.

Q. Topcoats?—A. Topcoats, unit laid-down cost \$7.50, initial selling price \$11, initial mark-up \$3.50, 46.7 per cent on cost.

Q. Trousers?—A. Flannel trousers, unit laid-down cost \$2.39, mark-up \$3.95, initial mark-up \$1.56—65.3 per cent on cost.

Q. Flannels again?—A. Flannel trousers, laid down cost \$3.34, mark-up \$5, initial mark-up \$1.66—49.7 per cent on cost.

Young men's pants—purchased at \$2.12 laid down, mark-up \$2.95, initial mark-up 83 cents, 39.1 per cent on cost.

Q. I see a certain brand of overalls?—A. Purchased in Hamilton, laid down cost \$1.19, \$1.49 and \$1.43, mark-up \$1.79 on the first two and \$1.49 on the last named, initial mark-up percentage 25.2 per cent to 20.1.

Q. Clothing. These are purchased from the Eaton factories?—A. Purchased from the Eaton factories. Take the first item. Overcoats purchased in September, 1933—5,759 purchased from their own factory, unit laid down cost \$12.99, mark-up \$20, initial mark-up \$7.01—54 per cent on cost.

Mr. FACTOR: Those coats purchased in the factory, are they purchased at cost in the factory or do they put margin on the cost price?

The WITNESS: There is a little margin. We will come to the profit of the factory department later.

Mr. ILSLEY: According to the evidence in Simpsons they did not make any profit. That was the reason they had a heavy mark-up in their own factories; is that the case here?

The WITNESS: No, they show a slight mark-up over the actual cost of the factory. As a matter of fact, we will show you later that the factory does make a net loss in all its operations.

Mr. ILSLEY: Are the mark-ups higher on the goods that they manufacture in their own factories?

The WITNESS: No, I do not think so. We will find that their factory is not able to sell as cheaply as some of the people from whom they buy.

By Mr. Sommerville:

Q. Four piece suits?—A. Four piece suits purchased from the factory—unit laid down cost \$17.23, mark-up \$25, initial mark-up \$7.77 with a mark-up of 45.1 per cent on cost. Those were purchased from what is known as the F-7 department of the factory. That is the Toronto factory.

Q. We will have a report on wage conditions in this particular department later?—A. Then, we show some purchases from the Montreal factory, F-31—some moleskin pants purchased at \$1.86 laid down, mark-up \$2.95, initial mark-up \$1.09—58.6 per cent on cost.

Hairline trousers purchased for \$3.18, mark-up \$5, initial mark-up \$1.82—57.2 per cent on cost.

Here are horsehide coats—unit laid down cost \$7.26, mark-up \$10.95, initial mark-up \$3.69—50.8 per cent on cost.

Q. Take the St. John factory?—A. Purchases from the St. John factory. I see overalls purchased for \$12.72 per dozen, mark-up \$18, initial mark-up \$5.28—41.5 per cent on cost.

Blue combinations purchased for \$21.52 a dozen, mark-up \$30, initial mark-up \$8.48—39.4 per cent on cost. There will also be a report on the factory at St. John.

Mr. FACTOR: I notice that the gross is 35 per cent, the factory is 35.27 per cent compared with the gross of 25.37 per cent when purchased outside of the factory.

Mr. SOMMERVILLE: They are all put together; and the maintained mark-up is the maintained mark-up of the department, and it is the average wherever the goods come from.

The WITNESS: Now, just before we leave the men's clothing department, I would call attention to statement AA-3 which follows as the operating statement of this department for the year ending 11th January, 1934, and it shows its sales \$1,058,000, and after applying expenses there was a profit of \$8,930 net profit in that department. The following statement is AA-4.

Mr. SOMMERVILLE: That is gross?

The WITNESS: Gross 35 per cent.

Mr. SOMMERVILLE: No, gross profit.

The WITNESS: In dollars, you mean? Gross profit \$276,079 or 35.27 per cent on cost and before workroom wages and the net profit was after wages. The other expenses were its share of the general expenses such as interest, rent and its own wages and supervision, advertising and so on, \$8,930.

By Mr. Sommerville:

Q. In other words, it carried \$231,760 of expenses according to the company's records?—A. Yes. The following statement AA-4 shows that department

on a five year basis and indicates in 1929 on the same basis comparable throughout the years there is a profit in 1929 and a loss in 1930, 1931 and 1932, and the profit I have referred to in 1933.

Q. Three years of losses—1930, 1931 and 1932—are turned into a profit of \$8,930 in 1933 and was largely attributable to— —A. They sold more units and, therefore, the mark-up was spread over a greater number of units of overcoats or suits.

Q. Is it not largely attributable to this \$16.50 a suit?—A. I cannot answer that definitely. I think, perhaps, that is the case. I would not like to say definitely that I know that. As to the \$16.50 suit this is part of that. Perhaps you wish to come back to that later. The next one is furniture department, statement AA-5. This statement shows 140 examples of price spreads in the furniture department. In the last year—that is the year 1933—the gross profit percentage of maintained mark-up in that department was 45.2 per cent on cost after write-downs, shortages and so forth, and the initial mark-ups range from 66.8 down as low as 5 per cent.

Q. Now, take a few of these—\$1.440?—A. Dining room suite, walnut, nine pieces, laid down for \$129.32, mark-up \$215.73, initial mark-up \$86.41—66.8 per cent on cost.

Q. The next item?—A. Bedroom suite, walnut, laid down cost \$93.31, mark-up \$155.10, initial mark-up \$61.79—66.2 per cent on cost.

Q. I see here some porcelain top tables?—A. Laid down cost \$3.87, mark-up \$6.25, initial mark-up \$2.38—61.5 per cent on cost.

Bedroom suite four pieces purchased in Ontario, unit laid down cost \$115.98 on two purchases. One purchase was marked up to \$183.30 and the other one to \$178.13 with initial marks-up of \$67.32 and \$62.15—58 per cent and 53.6 per cent on cost.

Dining room suite, walnut, nine pieces, laid down cost \$120.25, mark-up \$185.65, initial mark-up \$65.40—54.4 per cent on cost.

Q. Cedar lined wardrobes \$1,100?—A. Cedar lined wardrobe purchased for \$11.66 laid down, mark-up \$17.95, initial mark-up \$6.29—53.9 per cent on cost.

Q. Bedroom suite \$5,000 worth?—A. Four piece bedroom suite, laid down cost \$135.50, mark-up \$202.10, initial mark-up \$66.60—49.2 per cent on cost.

Q. Chairs \$1,935?—A. Purchased in Ontario for \$4.24 laid down, mark-up \$5.95, initial mark-up \$1.71—40.3 per cent on cost.

Q. Refrigerators?—A. Refrigerators—a substantial purchase of them—laid down cost each \$115, mark-up \$215, initial mark-up \$100—87 per cent on cost.

Q. Then next to that is a walnut dresser?—A. Walnut dresser, purchased at a laid down cost of \$14.11, marked to \$24.50, an initial mark-up of \$10.39 or 73.6 per cent on cost.

Q. What is the next item?—A. 4-piece oriental walnut bedroom suite, purchased for \$96.58 laid down, marked up to \$164.50, an initial mark-up of \$67.92 or 70.3 per cent on cost.

Q. Farther down you come to a 9-piece dining room suite of old English oak?—A. There were two purchases there. One cost \$146.62 per suite laid down and the other \$117.80 laid down, marked up respectively to \$230.30 and \$178.13, or a percentage on cost of 57.3 per cent and 51.2 per cent respectively.

Q. Take the last item, an unfinished chair,—\$144?—A. Unfinished chair, purchased for 56 cents laid down, marked up to 59 cents, a 3-cent mark-up or 5.4 per cent on cost.

Q. That is almost a loss leader. Then there are special end tables, solid walnut?—A. Special end table, solid walnut, purchased for \$1.03, marked up to 95 cents, or a loss of 8 cents. Then AA-6 will show the operating statement of the furniture department for the year 1933, and indicates that the gross profit was \$413,800.

Q. The total sales were \$1,197,000?—A. \$1,329,464. The gross profit was \$413,866 or 45·2 per cent on the cost of sales. After deducting workroom wages, and this department's share of general expenses, plus its own direct sales wages, it showed a loss of \$63,369.

By the Chairman:

Q. Of course, in every case, it has got to be borne in mind that includes interest, spare rent?—A. Quite so.

Q. And general expenses, bonuses, etc.?—A. The share of all the direct and indirect expenses.

By Mr. Sommerville:

Q. Then you have here a very low rental charge in this department, because this department occupies four floors in the College street store?—A. It is low from a comparative standpoint to the others, because it occupies a large space in the College street store. Statement AA-7 shows an 8-year statement of operations in that department, and indicates that for five of the years a loss has been made, and in three of the years a profit was made.

Q. The last four years show a loss?—A. The last four years show a loss. The loss in 1931 amounted to \$313,000.

Q. The drop in sales was from \$2,266,000 in 1926 to \$1,329,000 in 1933?—A. Yes. It is perhaps interesting to note in that record the fluctuation in the gross profit percentage on cost.

Q. Let us have that?—A. In 1926 it was 27·6 per cent; in 1927, 30·8 per cent; in 1928, 31·7 per cent; in 1929, 34·8 per cent; in 1930, 32·1 per cent; in 1931, 22·2 per cent; in 1932, 35·6 per cent and in 1933, 42·8 per cent.

By the Chairman:

Q. All right, the next?—A. The next department is the men's shoe department known as S-10, Statement AA-8. In this case we have only taken about 30 examples of price spreads. The gross profit percentage of the department as a whole, after write-downs, shortages, etc., was 41·6 per cent on cost, and these examples range from an initial mark-up of 69·8 per cent to 30 per cent.

Q. I observe that a number of these are branded?—A. Yes, largely called "Eatonia."

Q. "Etonia" shoes. Take the first lot?—A. "Etonia oxfords," laid down cost was \$2.65, marked up to \$4.50, an initial mark-up of \$1.85 or 69·8 per cent.

Q. The next lot is 570 pairs of "Eatonia" oxfords?—A. They were purchased laid down at a cost of \$2.47, marked up to \$4, an initial mark-up of \$1.53 or 61·9 per cent.

Q. What about "Canterbury" oxfords?—A. "Canterbury" oxfords were purchased for \$4.83, marked up to \$7.50, an initial mark-up of \$2.67 or 55·3 per cent.

Q. "Renown" oxfords?—A. "Renown oxfords purchased for \$2.33 laid down, marked up to \$3.75, an initial mark-up of \$1.42 or 60·9 per cent on cost.

Q. "Birkdale" oxfords?—A. "Birkdale" oxfords purchased in June, 1933, for \$3.41, marked up to \$5, an initial mark-up of \$1.59, or 46·6 per cent on cost. There were some more "Birkdales."

Q. Yes, "Birkdale" oxfords again?—A. Which show again the same mark-up of 46·6 per cent in two cases and 44·9 per cent in the third case.

Q. Then those in this last list are not named or branded?—A. No.

Q. The lowest mark-up was what?—A. The lowest mark-up in shoes was on shoes purchased in Montreal, some oxfords, for \$3.07, marked up to \$3.99, an initial mark-up of 92 cents or 30 per cent on cost.

Q. And the maintained mark-up in this department was 41·6 per cent?—A. Yes, 41·6 per cent. Statement AA-9 shows the operating statement for this department in 1933, and shows out of sales of \$427,868, the gross profit was \$145,753 or 41·6 per cent on cost, and after bearing its share of expenses and paying its own direct expenses, there was a net profit of \$23,489.

Q. That is on sales of \$427,000?—A. Yes, approximately, or 5 per cent on sales. Statement AA-10 gives a five-year statement of operations and shows that in all cases this department made a profit which ranged from 5 to 7 per cent on sales.

Q. What was the mark-up in this case, the gross profit mark-up percentage on cost?—A. It was 36·6 per cent in 1929; 32·3 per cent in 1930; 32·9 per cent in 1931; 34·1 per cent in 1932 and 39·2 per cent in 1933.

Q. An increase of about 7 per cent since 1930?—A. Yes, an increase of about 7 per cent. You were speaking about branded lines. Our information is that about 80 per cent of the sales of leather shoes are branded lines.

Q. About 80 per cent of the sales in Eatons are branded lines?—A. Yes.

Q. In this department?—A. Yes.

Q. In the Toronto store?—A. Yes. Then the next department we deal with is the home frock department, department G-24, on our statement AA-11. We have about 30 examples of price spreads, ranging from in one case, 71·5 per cent—there is also one of 108·5 per cent and another of 102·4 per cent, but that is not indicative of the whole—down to about 32 per cent.

Mr. FACTOR: Those are not the frocks that the Chairman referred to last Sunday in Toronto, are they?

Mr. SOMMERVILLE: I don't know. They all come from Montreal.

Mr. FACTOR: No, it was smocks he was talking about, not frocks.

The WITNESS: The gross profit for the department or maintained mark-up, after write-downs, shortages, etc., for last year was 33·81 per cent.

By Mr. Sommerville:

Q. Those are house dresses?—A. I call them home frocks.

Q. Home frocks?—A. I don't know the difference.

Q. These are getting into some of the cheaper types of dresses?—A. There are women's cotton print home frocks purchased for 53 cents laid down cost, marked up to 89 cents, an initial mark-up of 36 cents or 67·9 per cent on cost.

Q. Martha Washington home frocks?—A. Martha Washington home frocks purchased at \$3.14 laid down cost, marked up to \$4.95, an initial mark-up of \$1.81 or 57·4 per cent on cost.

Q. All wool jersey dresses?—A. All wool jersey dresses purchased for \$1.55 laid down, marked up to \$1.98, an initial mark-up of 43 cents or 28·1 per cent on cost.

Q. That is the smallest mark-up on the purchase price of these home frocks?—A. Yes. Those I have described in the first half of that statement are all purchased in Montreal; and in the latter half of the statement are purchased from different departments of the Toronto factory, Eaton's.

Q. Toronto F-8 and Toronto F-12 departments are departments with respect to which we will have reports on the wages, and it might be well to observe some of these items. You have got some Rayshene dresses?—A. Rayshene dresses, laid down cost \$2.12, marked up to \$3.95, an initial mark-up of \$1.83 or 86·3 per cent.

Q. Duraline home frocks?—A. Duraline home frocks, laid down for \$1.33, marked up to \$1.95, an initial mark-up of 62 cents or 47·2 per cent on cost.

Q. There is another one above that at \$1.46?—A. Laid down cost \$1.46, sold at \$2.95, an initial mark-up of \$1.49 or 102·4 per cent on cost.

By Mr. Kennedy (Winnipeg):

Q. Have you got books and Stationery there?—A. That was not one of the selected departments.

By Mr. Sommerville:

Q. Cotton pique home frocks?—A. Cotton pique home frocks, laid down at \$1.99, mark-up of \$2.95, initial mark-up of 96 cents or 44.4 per cent on cost.

Q. And there was a maintained mark-up there in that department of 33.81 per cent on cost?—A. Yes, on sales of \$70,798, as shown on statement AA-12, which also shows the loss sustained in that department.

By Mr. Factor:

Q. In this department have you got the percentage showing the difference between the initial mark-up and the ultimate sale, I mean the varying percentages; these are the initial mark-ups.

Mr. SOMMERVILLE: What Mr. Factor wants to know is, what is the average mark-downs for the whole operations. In the Simpson business it was shown that the total of mark-downs, shortages and everything else was somewhat less than 4.5 per cent. Have you got that as a separate item?

The WITNESS: No, not departmentalized. I do not think it is possible to get that departmentalized.

Q. In this firm?—A. No. Then statement AA-13 shows a three years statement of operations and shows that there has been a loss in the last three years of operations.

By the Chairman:

Q. That department has been operating at a loss?—A. Yes.

By Mr. Sommerville:

Q. It showed a gross profit of \$25,000, \$20,000 and \$17,000, but after charging against it the head office expenses and other expenses it shows a loss?—A. Yes. In that case the gross profit percentage on cost has been reduced from 36.76 per cent in 1931 to 33.80 per cent in 1933. I would like to correct what I said a moment ago. I said I did not think we could get that mark-down. We have it in our working sheets but we have not got it actually here in the committee room.

The CHAIRMAN: Make a note of it, Mr. Nash, and give it to us later.

By Mr. Sommerville:

Q. Now, you have got women's coats up to \$39.50?—A. That is right. It is called Department G-36 and our statement No. is AA-14. There are about 30 examples there of price spreads ranging from one high of 138.09 down to 36.43 per cent. The gross profit in that department after write-downs, shortages, etc., the last year was 31.96 per cent on cost.

Q. Take the first item, lots 444 and 445?—A. There were 149 of them purchased for \$6.30 each, and 50 of them were sold for \$15, initial mark-up \$8.77 or 138.90 on cost; 99 of them were sold for \$10, initial mark-up \$3.70 or 58.73 per cent on cost. I have no explanation with me as to the difference. It is a large difference and I think we must have inquired into it.

Q. Well, there are two lots, one lot is 444 and the other 445?—A. There must have been some difference between the goods.

Q. They cost the same but they have been sold at different prices?—A. No doubt there must be some difference in quality.

Q. The next item, women's coats—Angora Wool Tweed?—A. They were purchased for \$12.60 laid down, mark-up of \$25, initial mark-up \$12.40 or 98.41 per cent on cost.

Q. Heavy leatherette and jersey raincoats?—A. Purchased for \$3.25, a mark-up of \$5.95, initial mark-up of \$2.70 or 82.79 per cent on cost.

Q. White polo cloth coats?—A. Purchased for \$7.08, mark-up of \$12.50, initial mark-up of \$5.41 or 76.36 per cent on cost.

Q. Then you have got here plaid and suedeine raincoats?—A. Plaid raincoats purchased for \$6.13, mark-up of \$9.75, initial mark-up of \$3.61 or 58.85 per cent on cost.

Q. Now then, you have a number of women's coats?—A. Purchased mostly in Toronto.

Q. Take a large group here, 40?—A. Lot No. 605, 40 women's coats, purchased for \$25, mark-up of \$39.50, initial mark-up of \$14.50 or 58 per cent on cost.

Q. The next group?—A. 92 women's coats, purchased for \$10.75 each, mark-up of \$16.75, initial mark-up of \$5.99 or 55.63 per cent on cost.

Q. Then you have some purchased from the Toronto factory, department F-6?—A. Women's coats, the first item, Manchurian Wolf collars and cuffs, purchased from the factory at \$24.91, mark-up \$39.50, initial mark-up \$14.95, or 58.57 per cent on cost.

Q. The next item?—A. Muskrat collars only purchased for \$15.90, mark-up \$25, initial mark-up of \$9.10 or 57.23 per cent on cost.

Q. French seal collars?—A. These were purchased for \$12.72, mark-up \$19.75, initial mark-up \$7.03 or 55.27 per cent on cost.

Q. And the lowest mark-up here at the bottom?—A. Women's coats—sable collars and cuffs, purchased from the factory for \$17.22, mark-up of \$23.50, initial mark-up of \$6.27 or 36.43 per cent on cost. In looking at that statement you will note that most of the mark-ups are high or higher than the average of the gross profit, and the reason is that the mark-downs in that department are sharper and severer than in some other departments.

Q. Yes, but the maintained gross mark-up was 39.16 per cent?—A. That is right. Statement AA-15 shows the operations of that department for the last year with total sales of \$173,000, gross profit of \$48,000, or 39.16 on cost, and the following statement AA-16 gives a five-year statement of operations and indicates that in 1929 there was a net profit of \$15,000; in 1930 it was \$13,000; in 1931 it was \$14,000; in 1932 it was \$1,300, and a loss of \$770 in 1933.

Q. And I observe the mark-up there has increased?—A. Yes.

Q. Now, the next are women's sweaters, knit suits?—A. Yes, women's sweaters, knit suits and dresses, department G-52, and our statement No. AA-17. There are about 50 or 60 examples of price spreads. This is a substantial department, and we show on the first page and a half goods purchased from outside suppliers and on the latter part of page 2 purchases from the T. Eaton Company factory. The maintained mark-up in that department, after write-downs, shortages, etc., was 37.45 per cent on cost, and initial mark-ups range all the way from one or two examples of 100 per cent or more—mostly 60 per cent to 70 per cent—down to as low as 25 per cent on cost.

Q. First, imported Cardigans from England?—A. Purchased for a laid down cost of \$1.23, mark-up \$2.49, initial mark-up of \$1.26, or 102.1 per cent on cost.

Q. Yes.—A. And another lot of Cardigans purchased for \$2.25, mark-up \$3.95, initial mark-up \$1.70 or 75.2 per cent on cost.

Q. 3-piece suits?—A. 3-piece suits purchased for \$8, mark-up \$13.95, initial mark-up of \$5.95 or 74.4 per cent on cost.

Q. That is, the taxes are absorbed by the manufacturer?—A. Yes.

Q. Then knitted suits \$280.50?—A. Laid down cost of \$17.33, mark-up \$29.50, initial mark-up \$12.17 or 70.3 per cent on cost.

Q. Here are some bathing suits?—A. Bathing suits laid down for \$1.15, mark-up \$1.95, initial mark-up 80 cents or 69.8 per cent on cost.

Q. Pullovers?—A. Pullovers purchased for \$2.40, mark-up \$3.95, initial mark-up \$1.55 or 64.5 per cent on cost.

Q. Here are some knitted suits \$4,016.25?—A. Yes.

Q. From Montreal?—A. Purchased for \$9.28 laid down, mark-up \$17.95, initial mark-up \$8.67 or 93.5 per cent on cost. There were some marked up to \$17.95, some \$13.95, and some \$9.95, and the mark-ups range from 93.5 per cent on cost to 7.3 per cent on cost.

Q. And the average?—A. The average for the whole is 63.1 per cent on cost.

Q. Long sleeve pullovers, \$1,050?—A. Long sleeve pullovers purchased for \$1.84, mark-up \$2.95, initial mark-up \$1.11 or 60.5 per cent on cost.

Q. Varsity special sweater sets—suits?—A. Purchased in September, 1933, for \$10.76, mark-up \$16.75, initial mark-up of \$5.99 or 55.6 per cent on cost.

Q. Then here are some ladies' P.O. sweaters?—A. Purchased for 66 cents, mark-up some to \$1.59 and some to \$1, initial mark-ups of 95 cents and 34 cents, or 140 per cent and 50.9 per cent respectively on cost. The average initial mark-up was 55.2 per cent on cost.

Q. Then pullovers, there were some purchased in Toronto?—A. Yes, for 64 cents, mark-up 98 cents, initial mark-up of 34 cents or 53 per cent on cost.

Q. Then purchases from the T. Eaton Company factories?—A. Yes.

Q. Here are some fur fabric jackets?—A. Two lots of fur fabric jackets costing respectively \$4.61 and \$5.30. The first one the mark-up \$7.95, initial mark-up \$3.34, or 72.5 per cent and the next, mark-up \$8.95, initial mark-up \$3.65 or 68.9 per cent on cost.

Q. Then cotton jersey dresses?—A. Cotton jersey dresses purchased for \$1.77, mark-up \$2.95, initial mark-up of \$1.18 or 67 per cent on cost.

Q. Wool jersey dresses?—A. Wool jersey dresses purchased for \$3.07, mark-up \$4.95, initial mark-up of \$1.88 or 61 per cent on cost.

Q. And the lowest mark-up?—A. The lowest was leatherette jackets purchased for \$1.99, mark-up \$2.95, initial mark-up of 96 cents or 48.4 per cent on cost.

Q. Then your average?—A. The average as indicated on statement AA-18 with sales of \$211,000 the gross profit was \$163,000 or 42.5 per cent on cost. After charging expenses the loss for this last year was \$19,742, as will be seen on statement AA-19 a five year statement of operations and profits.

Q. There were small profits in 1929, 1930 and 1931?—A. And also in 1932 and 1933.

Q. On the knitted goods?—A. Yes.

Q. Women's outside garments?—A. Women's outside garments department L-56, our statement AA-20.

We have about forty examples of price spreads ranging from as high as 76 per cent to as low as 12 per cent. The maintained mark-up for the department was 33.88 per cent. That is on our statement AA-21.

Q. Take this first item of silk dresses?—A. Purchased for \$1.84, marked up to \$2.88, an initial mark-up of \$1.04 or 56.51 per cent on cost.

Q. Then the \$11.25 of rayon crepe dresses?—A. Purchased for \$1.26, marked up to \$1.94, an initial mark-up of 68 cents, or 54 per cent on cost.

Q. \$1,100 of women's coats?—A. Purchased at \$11, marked up to \$16.50, a mark-up of \$5.50 or 50 per cent on cost.

Q. Rough crepe coats, \$1,000?—A. Purchased at \$2.65, marked up to \$3.94 and \$3.79; an average mark-up on that of 48.5 per cent.

Q. \$4,500 of printed voile dresses?—A. Purchased at \$15.90, marked up to \$23.28; an initial mark-up of \$7.38, or 46.4 of cost.

Q. Down near the bottom of the page, girls' wool jersey?—A. Purchased at 79 cents marked up to \$1.39 and some to \$1; an initial mark-up of 60 cents and 21 cents, the average of the two mark-ups being 40 per cent on cost.

Q. Then house dresses, this is one of the lowest mark-ups?—A. Purchased at 40 cents, marked up to 45; an initial mark-up of 5 cents, or 12.5 per cent on cost.

Q. Those would be dresses made in Montreal; is that one of the factories we have a report on?—A. I do not think that one is.

Q. We have a number of them?—A. We have several on that list.

Mr. FACTOR: I do not want to become too curious, but what is the object of going into each individual item?

The CHAIRMAN: To familiarize the committee with it, as we have got to look over this statement in any case; they will be analysed as minutely as we wish, but I think it is desirable that we be thoroughly familiar with it.

Mr. KENNEDY (Winnipeg): Are these cases just test cases taken at random?

Mr. SOMMERVILLE: Will you just describe the process you followed in trying to get a fair estimate for the committee of examples of that type?

Mr. GORDON: We took the files of orders for the year 1933 and the beginning of 1934 and selected orders at random, but confined ourselves more to the representative orders—we did not bother about the small orders, we selected for ourselves typical invoices, and we have listed them on these sheets.

By Mr. Sommerville (to Mr. Gordon):

Q. You took from all classes?—A. From all classes and kinds.

Q. Then your maintained price is the actual result of the examination?—A. Yes.

Mr. NASH: We did try to follow a number to show the mark-downs to the ultimate sale of the last garment; but it is impossible to do that in a great many cases.

Mr. FACTOR: I notice on some of them you had it followed right through to the manufacturer, if I am not mistaken—furniture was one, but it was not done with many others.

Mr. NASH: It was not done in some cases, men's clothing and women's clothing—there will be a report on the factories subsequently.

By Mr. Sommerville (to Mr. Nash):

Q. Now, the department's operations?—A. On last year's sales there was a profit after absorbing expenses of \$13,208. Then, in statement AA-22, that is a statement for five years of the Women's and Misses' Outside Garments, which includes this department.

Q. And this is in Eaton's Annex?—A. In the Annex, yes.

Q. It is in that department that they have the cheaper classes of goods?—A. Yes.

Q. And where the operations show sales of \$418,000 in this cheaper class of goods, and a net profit of \$13,208 after absorbing various charges and expenses that have been allocated to this as to other departments?—A. Yes.

Q. And in the five-year period that is referred to this department has consistently shown a profit?—A. It has shown a profit, yes.

Q. And it has shown an increase in mark-up from 25 per cent to 29.96 per cent?—A. That is right, and its profits ran from about 7 per cent to 4 per cent of sales.

Q. Now then, women's and children's underwear?—A. That is department C-10, our statement AA-23. We have taken quite a number of items on this department as it is a large department. The maintained mark-up on that department last year was 48.4 per cent on cost of sales; and the mark-ups cover a wide range, from as high as 100 per cent, most of them around 50 to 60 per cent, to as low as 1 or 2 actual losses.

Q. For instance, you have here the first item?—A. Glove-silk bloomers: laid-down cost of \$1.30 and \$1.50; they were marked up to \$2.50 and \$2.95 respectively; mark-ups of 91.5 and 89.4 per cent on cost.

Q. \$1,575 worth of gowns?—A. Purchased at 38 cents, marked up to 65; an initial mark-up of 27 per cent or 74.4 per cent on cost.

Q. \$1,920 of Yama pyjamas?—A. Purchased at \$1.03, marked up some to \$1.75 and some to \$1.29; an average mark-up on that parcel of 67.5 per cent in cost.

Q. Braymore flannelette gowns?—A. They were purchased for 61 cents, two lots of them, marked up to \$1; an initial mark-up of 63.7 per cent on cost.

Q. I see here assorted satin lingerie, \$3,650 worth?—A. They were purchased at \$1.52; they were marked up all the way from \$2.98 to \$1.37; some actually marked at a loss on cost; an average mark-up on the whole parcel of 54.6 per cent on cost.

Q. Is there any significance in the last figure, on the loss, being opposite the dance sets items?—A. None to me, Mr. Sommerville.

Q. That is a loss leader all right, it must have been after the party?—A. I was not invited to the party.

The CHAIRMAN: All right.

By Mr. Sommerville:

Q. Rayon taffeta slips?—A. Purchased at 77 cents, marked up to \$1.19; an initial mark-up of 42 cents, or 54 per cent on cost. One of the larger purchases is shown down below here.

Q. 3,200 pieces assorted rayon lingerie?—A. Purchased at 67 cents, marked up to \$1.00; 33 cents initial mark-up, or 50 per cent on cost.

Q. Then, you have a lot down here, assorted gowns and slips \$1,935?—A. They were purchased at \$1.73; marked up in the case of the gowns to \$3.49, the slips to \$2.89, and the others to \$1.89; the average mark-up on that whole parcel of goods was 48.9 per cent on cost. This is an example of a number of articles of different kinds purchased at one set price over all.

Q. The next is a similar example, \$5,445?—A. They were all purchased for \$1.13, and they had different mark-ups which came to an average of 48.9 per cent on cost.

Q. And then, over the page, crepe slips \$5,750?—A. They were purchased at \$1.03 and marked up to \$1.49, an initial mark-up of 46 cents, or 45.2 per cent on cost.

Q. Then you come to this last item, which is a loss leader?—A. Rayon gowns—I do not know whether it was or not—they took a loss on the sale; they were purchased for 67 cents and sold marked-up to 50 cents.

Q. Which is included in Lot 27 above?—A. Which is included in another lot on which there was a small mark-up of 18.1 per cent on cost.

Q. The original mark-up on the other lot of goods was 50 per cent I see?—A. Yes.

Q. And the maintained profit was 48 per cent?—A. This arises, Mr. Sommerville, from the very way in which we made the selection, we did not take particular items. We have invoices in some cases where we find there was a low mark-up, and in some cases an actual loss.

Q. This is from the Hamilton factory?—A. It was a combination purchase in the same department, from the Hamilton factory and from the Toronto factory.

Q. Yes?—A. The Hamilton factory rayon knitted goods: the first item is combinations, purchased at 68 cents, marked up to \$1.19; an initial mark-up of 51 cents, or 73.9 per cent on cost. There were various examples ranging from that 73.9 per cent down to vests purchased in October of 1933 for \$1.02, marked up to \$1.50; an initial mark-up of 48 cents for 47.7 per cent on cost. Then from the Toronto factory four examples were taken ranging from 24.8 per cent on cost to 57 per cent on cost. That is from rayon knitted goods.

Q. That is all from the Toronto factory at the bottom of the page?—A. Right in the middle; and whitewear from the Toronto factory, we have taken ten examples there, the first one is gowns which were purchased at \$1.15, marked up to \$2.39; an initial mark-up of \$1.24 or 108.1 per cent on cost.

Mr. HEAPS: Do you know what extra cost they charge in the Toronto factory?

The CHAIRMAN: We went into that a moment ago, Mr. Heaps.

The WITNESS: I might say that the factory is allowed to charge something more than its actual cost; but as a matter of fact we will show you later that the factory as a whole does not make any money.

By Mr. Sommerville:

Q. Now then, the operations of this department?—A. On sales totalling \$669,000 they showed \$218,000 a gross profit of 48.4 per cent on cost of sales; and after charging expenses as in the other departments there was a profit of \$37,904. The next statement is AA-26. It shows that in five years, while the profit has been reduced from 70 per cent in 1929 to 38 per cent in 1933, the gross profit percentage on cost has increased from 37.7 per cent to 45.3 per cent on cost.

Q. Boys' clothing?—A. That is known as department M-51, our statement AA-27. There are 2½ pages of examples there of price spreads, the maintained mark-up, the gross profit of this department after write-downs, shortages, etc., and before wages, was 38.4 per cent on cost, and the mark-ups range from 70.2 per cent to 27.5 per cent on cost sales.

Q. AA-27. First of all there is a group of high school suits purchased at Cornwall?—A. Purchased for \$14.69, marked up to \$25, an initial mark-up of \$10.31, or 70.2 per cent on cost.

Q. Yes?—A. Sport suits, \$7.49, purchased in Montreal, marked up to \$12.50, an initial mark-up of \$5.01, or 66.9 per cent on cost.

Q. Here are some more high school suits?—A. High school suits, two pairs of pants, laid down cost \$10.19, marked up to \$16.50, an initial mark-up of \$6.21, or 61.9 per cent on cost.

Q. Grad Oxford grey suits?—A. They were purchased at \$10.14; marked up to \$15.95, an initial mark-up of \$5.81, or 57.3 per cent on cost.

Q. An order of \$1,177.50 boys' four-piece suits, blue serge?—A. Purchased for \$8.40 in Montreal, marked up to \$15, an initial mark-up of \$6.60, or 78.6 per cent, on cost. Then there were some more that were marked only \$12.50, and the average mark-up on the whole two parcels was 54.3 per cent on cost.

Q. Then, you have another large group worth \$2,250?—A. Purchased at Montreal, made to measure suits two pairs of pants, for \$11.99, marked up to \$17.50, an initial mark-up of \$5.51, 46 per cent on cost.

Q. We have junior overcoats, polo lined?—A. Yes; they were purchased for \$3.67, marked up to \$5.95, an initial mark-up of \$2.28, or 62.1 per cent on cost.

Q. The next is a large number of overcoats?—A. Yes, what we call grad guard. They were purchased for \$10.18, and they were marked up three initial selling prices noted on the invoice, \$18, \$16.50 and \$15; the average mark-up on the whole parcel being 60·6 per cent on cost.

Q. You have \$1,000 of horsehide coats?—A. Purchased for \$5.38, marked up to \$8.35, an initial mark-up of \$2.87, 53·3 per cent on cost.

Q. You have \$1,500 of sheepskin coats?—A. Purchased for \$3.26, marked up to \$4.75, an initial mark-up of \$1.49 for 45·7 per cent on cost.

Q. Then you have some suits—what are these, breeches, double seat, leather knees?—A. Purchased in Toronto for \$12.60 a dozen, or \$1.05 each.

Mr. FACTOR: That is the firm we have had considerable trouble with in Toronto?

Mr. SOMMERVILLE: Yes.

The WITNESS: We have a report on that later.

By Mr. Sommerville:

Q. That was bought for \$1.05?—A. And marked up to \$1.69, an initial mark-up of 64 cents, 61 per cent on cost.

Q. Whipcord breeches, double seat and knees?—A. Purchased for \$1.05, marked up to \$1.55, an initial mark-up of 50 cents, or 47·6 per cent on cost.

Q. On the other page we have the same firm in Toronto with which we had trouble?—A. Yes; there was one purchase of—

Q. Boys' long trousers?—A. Purchased for \$2.10, marked up to \$2.95, an initial mark-up of 85 cents, 40·5 per cent on cost.

Q. Yes?—A. Boys' outing breeches, split leather knee, double seat, purchased for \$1.25, marked up to \$1.59, 27·5 per cent mark-up on cost.

Q. Your maintained mark-up was 38·4 per cent?—A. 38·4 per cent.

Q. Now, with respect to the clothing supplied by the Eaton factory?—A. To the same department?

Q. Yes?—A. We have numerous examples ranging from 66 per cent down.

Q. We have a report on the wages in this department?—A. Yes.

Q. It is interesting to observe the examples that are given here; junior four piece suits?—A. Purchased from the factory at \$7.51, marked up to \$12.50, an initial mark-up of 66·4 per cent on cost.

Q. Sheepskin coats?—A. Purchased for \$3.77, marked up to \$5.95, 57·8 per cent on cost.

Q. You have some grad four piece suits?—A. Purchased for \$10.40, marked up to \$15.95, 53·3 per cent on cost.

Q. Junior winter coats?—A. Purchased for \$4.58, marked up to \$6.95, 51·7 per cent on cost.

Q. Then you have a quantity of junior coats, and youths' botany serge suits?—A. Purchased at \$10.19, marked up to \$15, 47·2 per cent on cost.

Q. Grad four piece suits?—A. Purchased for \$9.49, marked up to \$13.75, 44·9 per cent on cost.

Q. Junior 3 piece suits, coat, breeches and shorts?—A. Purchased for \$4.18, marked up to \$5.95, 42·3 per cent on cost.

Q. Renown Junior 4 piece suits?—A. They were purchased for \$6.41, marked up to \$8.95, 39·6 per cent on cost.

Q. Now, the operations in this department.—A. The operations last year on sales of \$340,000 showed a gross profit of 94 per cent or 38·4 per cent before workroom wages and departmental share of general expenses, but when you deduct those expenses, it showed a loss of \$10,828. We have a statement, AA-30. It will show that for five years it has made a loss each year.

Q. Each year for five years?—A. For five years.

Q. Boys' clothing departments showed a loss?—A. Yes.

Q. The mark-up has been increased from 25 per cent to 33 per cent?—
A. In the five years.

Q. Steadily?—A. Yes.

Q. Then, the Annex department shows what?—A. That department is known as L-44.

Q. Men's and boys' clothing in the Annex?—A. Yes; the mark-ups are considerably lower than the ones we just dealt with.

Q. That is because of cheaper goods?—A. Cheaper goods.

Q. I see they range from 17 per cent to 55 per cent in the matter of suits?—
A. Yes, and in overcoats they run from 69 per cent down to as low as 13 per cent.

Q. There is one lot of 13 per cent, but mostly 40 per cent, 38 per cent, and 37 per cent?—A. Yes.

Q. Then, the sundry items range from— —A. 42 to 37 per cent on cost.

Q. Then, we have purchases from their own factories to this Annex department, khaki combinations, marked up to 38·1 per cent?—A. That is right, 38·1 per cent. The khaki combinations maintained a mark-up in this department last year of 28·7 per cent on cost. As statement AA-32 will show, there was a loss on sales of \$227,785. The gross profit was \$53,919 and after expenses, a net profit to the department of \$6,242; and statement AA-33 will indicate that in the five years, there has been a small gross profit.

Q. A net profit?—A. A small net profit.

Q. And the mark-up has been increased from 25 to 28 per cent?—A. From 25·6 per cent to 28·7 per cent over the five year period.

The CHAIRMAN: I think we have had a pretty steady and hard day, and I think we will adjourn now until to-morrow.

Committee adjourned at 5.45, to meet again on Wednesday, June 13, at 11 o'clock a.m.

APPENDIX—EXAMPLES OF PRICE SPREADS

STATEMENT No. AAI
Page 1THE T. EATON CO. LIMITED
(Men's Clothing Department—M. 31)—EXAMPLES OF PRICE SPREADS

A. Purchases from Independent Manufacturers

Description of Goods	Total Amount Ordered	Date of Invoice	Example of Shipment			Initial Selling Price	Initial Mark-up	
			Unit Invoice Cost	Sales Tax and Freight	Unit Laid Down Cost		Amount	Percentage to Cost
	\$		\$	\$	\$	\$	\$	%
4 piece suits M to M.....	3,185.00	(Mar. 20, 1933	16.25	1.06	17.31	25.00	7.69	44.5
4 piece suits R M.....		(Feb. 7, 1933	16.25	1.06	17.31	29.50	12.19	70.4
4 piece suit M to M.....	425.00	June 6, 1933	8.50	0.58	9.08	15.00	5.92	65.2
4 piece suit R M.....	2,115.00	Mar. 20, 1933	11.75	0.77	12.52	20.00	7.48	59.7
4 piece suits R M.....	4,380.00	Oct. 6, 1933	12.00	0.80	12.80	20.00	7.20	56.2
4 piece suits R M.....	9,520.00	July 26, 1933	10.00	0.68	10.68	16.50	5.82	54.5
4 piece suits.....	1,764.00	Sept. 20, 1933	18.00	1.15	19.15	29.50	10.35	54.0
4 piece suits R M.....	1,220.00	Feb. 1, 1933	10.00	0.73	10.73	16.50	5.77	53.8
4 piece suits M to M.....	714.00	Oct. 7, 1933	17.00	1.09	18.09	27.50	9.41	52.0
3 piece suits M to M.....	7,453.40	Mar. 11, 1933	16.60	1.07	17.67	26.50	8.83	50.0
4 piece suits R M.....	9,728.20	Jan. 8, 1934	12.70	0.84	13.54	20.00	6.46	47.7
4 piece suits M to M.....	3,942.50	Mar. 11, 1933	20.75	1.31	22.06	32.50	10.44	47.3
4 piece suits M to M.....	3,915.00	Dec. 16, 1933	15.00	0.97	15.97	23.50	7.53	47.1
4 piece suits M to M.....	4,480.00	Oct. 7, 1933	16.00	1.03	17.03	25.00	7.97	46.8
4 piece suits, Bisley, York, Natural.....	1,168.00	Oct. 7, 1933	16.00	1.03	17.03	25.00	7.97	46.8
4 piece suits R M.....	1,472.00	Aug. 15, 1933	11.50	0.77	12.27	18.00	5.73	46.7
4 piece suits R M.....	14,790.35	Jan. 23, 1933	12.85	0.84	13.69	20.00	6.31	46.1
4 piece suits R M.....	(a) 9,894.50	Feb. 16, 1934	12.85	0.85	13.70	20.00	6.30	46.0
4 piece suits R M.....	(Consignment	Oct. 20, 1933	11.65	0.78	12.43	18.00	5.57	44.8
4 piece suits R M.....	1,175.00	Sept. 9, 1933	11.75	0.79	12.54	18.00	5.46	43.5
3 piece suits M to M.....	1,184.50	Aug. 24, 1933	11.50	0.76	12.26	17.50	5.24	42.7
4 piece suits R M.....	964.60	April 27, 1933	9.10	0.62	9.72	13.75	4.03	41.4
4 piece suits M to M.....	2,070.00	Aug. 23, 1933	15.00	0.97	15.97	22.50	6.53	40.9
4 piece suits M to M.....	9,064.00	Feb. 18, 1933	11.00	0.73	11.73	16.50	4.77	40.7
4 piece suits R M.....	2,900.00	July 3, 1933	10.00	0.67	10.67	15.00	4.33	40.6
4 piece suits R M.....	4,930.00	June 10, 1933	10.00	0.67	10.67	15.00	4.33	40.6
4 piece suits R M.....	8,580.00	Jan. 12, 1933	10.00	0.69	10.69	15.00	4.31	40.3
4 piece suits R M.....	4,351.20	Feb. 4, 1933	11.10	0.74	11.84	16.50	4.66	39.3
4 piece suits M to M.....	12,281.50	Feb. 18, 1933	14.50	0.94	15.44	21.50	6.06	39.2
4 piece suits M to M.....	15,935.50	Feb. 3, 1933	14.50	0.94	15.44	21.50	6.06	39.2
3 piece suits M to M.....	2,780.00	Aug. 30, 1933	20.00	1.27	21.27	29.50	8.23	38.7
4 piece suits M to M.....	6,450.00	Sept. 15, 1933	15.00	0.97	15.97	22.00	6.03	37.7
4 piece suits R M.....	5,433.00	Dec. 31, 1932	10.25	0.68	10.93	15.00	4.07	37.2
3 piece suits R M.....	875.00	Sept. 7, 1933	8.75	0.60	9.35	12.75	3.40	36.4
3 piece suits M to M.....	5,244.00	Sept. 15, 1933	11.50	0.76	12.26	16.50	4.24	34.6
4 piece suits R M.....	1,934.50	Jan. 18, 1934	10.50	0.72	11.22	15.00	3.78	33.7
4 piece suits R M.....	1,684.80	July 27, 1933	11.70	0.78	12.48	16.50	4.02	32.2
4 piece suits R M.....	Part of (a) above	Jan. 26, 1934	12.85	0.85	13.70	18.00	4.30	31.4
4 piece suits R M.....	324.50	Jan. 11, 1934	14.75	0.95	15.70	20.00	4.30	27.4
4 piece suits R M.....	1,710.00	Oct. 17, 1933	9.50	0.64	10.14	12.75	2.61	25.7

THE T. EATON CO. LIMITED

Statement No. AAI—Concluded

MEN'S CLOTHING DEPARTMENT—M. 31—EXAMPLES OF PRICE SPREADS

Page 2

A. Purchases from Independent Manufacturers

Description of Goods	Total Amount Ordered	Date of Invoice	Example of Shipment			Initial Selling Price	Initial Mark-up	
			Unit Invoice Cost	Sales Tax and Freight	Unit Laid Down Cost		Amount	Percentage to Cost
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
Coats all M. Grade with Bellows facings.....	3,763 50	Mar. 7, 1933	9.65	0.66	10.31	20.00	9.69	94.0
Overcoats.....	1,250 00	Oct. 24, 1933	12.50	0.87	13.37	15.00	4.69	45.5
Topcoats.....	2,550 00	Mar. 8, 1933	12.75	0.85	13.60	25.00	11.63	87.0
Overcoats—Larry, Cosmos and Senators.....		Oct. 4, 1933	13.65	0.97	14.62	25.00	11.40	83.8
Topcoats.....	12,592 50	Sept. 12, 1933	11.50	0.78	12.28	19.75	10.38	71.0
Overcoats.....	2,300 00	Oct. 11, 1933	11.50	0.90	12.40	19.75	7.47	60.8
Overcoats.....	13,290 75	Oct. 20, 1933	14.85	1.04	15.89	25.00	7.35	59.3
						25.00	9.11	57.3
Overcoats.....	3,102 75	Nov. 22, 1933	9.85	0.74	10.59	19.75	3.86	24.3
Topcoats—clearing lines and overmakes—samples	1,880 00	Nov. 14, 1933	10.00	0.70	10.70	16.50	5.91	55.8
Overcoats.....	4,928 00	Oct. 3, 1933	15.40	1.03	16.43	25.00	5.80	54.2
Topcoats.....	1,909 50	April 21, 1933	9.50	0.64	10.14	15.00	8.57	52.2
Topcoats (All V Grade Warp, Art Satin Lined).....	3,900 00	Mar. 6, 1933	7.00	0.50	7.50	11.00	4.86	47.9
Overcoats.....	1,376 00	Nov. 21, 1933	16.00	1.07	17.07	25.00	3.50	46.7
Topcoats.....	3,255 00	Mar. 1, 1933	7.00	0.51	7.51	11.00	7.93	46.5
Town Overcoats (C rombies Labels).....	963 50	Oct. 17, 1933	23.50	1.56	25.06	35.00	3.49	46.5
Town Overcoats Bar-Elysian Labels.....	1,000 00	Oct. 17, 1933	17.00	1.17	18.17	25.00	9.94	39.7
Overcoats.....	675 00	Oct. 12, 1933	17.75	1.22	18.97	25.00	6.83	37.6
Trousers—Flannel.....	1,597 40	April 27, 1933	2.25	0.14	2.39	3.95	6.03	31.8
Flannels.....	900 00	May 26, 1933	3.15	0.19	3.34	5.00	1.56	65.3
Men's Windbreakers.....	1,300 00	Oct. 13, 1933	3.00	0.25	3.25	5.00	1.66	49.7
White Flannels.....	3,946 00	Jan. 11, 1933	2.60	0.16	2.76	4.79	1.54	47.4
X. M's. Pants.....	2,060 00	Mar. 4, 1933	2.00	0.12	2.12	3.95	1.19	43.1
Trousers—Blue Serge.....	1,050 00	April 27, 1933	2.00	0.12	2.12	2.95	0.83	39.1
Golf Knickers.....		Mar. 31, 1933	2.10	0.13	2.23	2.95	0.83	39.1
Blue Apron Carhartt's.....		July 31, 1933	1.35	0.08	1.43	2.95	0.72	32.3
			1.41	0.08	1.49	1.79	0.36	25.2
Blue Waist Overalls.....	108 00	Aug. 29, 1933	1.13	0.06	1.19	1.49	0.30	20.1
							0.30	25.2

General Note—For the year ended 11th January, 1934, the gross profit of this department as a whole after write-downs, shortages, etc., and before workroom wages was 35.27 per cent on cost.

THE T. EATON CO. LIMITED

MEN'S CLOTHING DEPARTMENT M-31—EXAMPLES OF PRICE SPREADS

B. Purchases from Eaton Factories.

Description of Goods	Examples of Shipments						
	Date of Invoice	Unit Price	Sales Tax	Unit Laid Down Cost	Initial Selling Price	Initial Mark-up	
						A-mount	Per-cent-age to Cost
		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%
Purchases from F-7 (Toronto)—							
Overcoats, 5,759.....	Sept. 29, 1933	12 25	0 74	12 99	20 00	7 01	54.0
4 piece Suits, 5,622.....	Sept. 29, 1933	16 25	0 98	17 23	25 00	7 77	45.1
Overcoats 5 grade.....	Nov. 10, 1933	11 75	0 71	12 46	18 00	5 54	44.5
4 piece Suits, 19,156½.....	Sept. 21, 1933	23 00	1 38	24 38	35 00	10 62	43.6
4 piece Suits, 5,750.....	Oct. 2, 1933	15 35	0 95	16 80	24 00	7 20	42.9
Suits, 5,537.....	Oct. 2, 1933	12 25	0 74	12 99	18 50	5 51	42.4
Topcoats, 5,607.....	Oct. 2, 1933	12 25	0 74	12 99	18 50	5 51	42.4
Overcoats, 5,727.....	Oct. 2, 1933	20 00	1 20	21 20	30 00	8 80	41.5
Suits, 5,703.....	Oct. 2, 1933	33 50	2 01	35 51	50 00	14 49	40.8
4 piece Suits, 5,789.....	Sept. 29, 1933	24 00	1 44	25 44	35 00	9 56	37.6
Topcoats, 5,536.....	Oct. 2, 1933	13 75	0 83	14 58	20 00	5 42	37.2
4 piece Suits.....	Sept. 27, 1933	26 00	1 56	27 56	37 50	9 94	36.1
Suits, 5,578.....	Sept. 29, 1933	21 00	1 26	22 26	30 00	7 74	35.2
4 piece Suits, 5,687.....	Sept. 29, 1933	14 25	0 86	15 11	20 00	4 89	32.4
4 piece Suits, 5,698.....	Sept. 29, 1933	26 50	1 59	28 09	35 00	6 91	24.6
Purchases from F-31 (Montreal)—							
Men's Grey Moleskin Pants, 3,329.....		1 75	0 11	1 86	2 95	1 09	58.6
Grey Hairline Trousers, 8,527.....		3 00	0 18	3 18	5 00	1 82	57.2
Men's Black Horsehide Coats.....		6 85	0 41	7 26	10 95	3 69	50.8
Men's All Wool Pants.....		1 85	0 11	1 96	2 95	0 99	50.5
Young Men's All Wool Pants.....		1 85	0 11	1 96	2 95	0 99	50.5
Renown Blue Serge Trousers.....		3 20	0 19	3 39	5 00	1 61	47.5
Renown Grey Serge Trousers.....		3 20	0 19	3 39	5 00	1 61	47.5
Men's Black Horsehide Coats with Beaver Collars.....		8 05	0 43	8 53	12 50	3 97	46.5
Leather Coats.....		4 65	0 28	4 93	6 95	2 02	41.0
Grey Hairline Trousers, 8,527.....		2 75	0 17	2 92	3 95	1 03	35.3
Windbreakers.....		3 60	0 22	3 82	4 95	1 13	29.6
Men's Blue Cotton Warp Pants.....		1 45	0 09	1 54	1 95	0 41	26.6
Young Men's Blue Cotton Warp Pants.....		1 45	0 09	1 54	1 95	0 41	26.6

	Total Amount Ordered	Date	Unit Price	Sales Tax and Freight	Unit laid Down Cost	Initial Selling Price	Initial Mark-up	
							A-mount	Per-cent-age to Cost
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%
Purchases from Saint John, N.B. Factory—								
White overalls.....	108 00	May 26, 1933	12 00	0 72	12 72	18 00	5 28	41.5
Blue Combinations....	162 40	May 26, 1933	20 30	1 22	21 52	30 00	8 48	39.4
Black Overalls.....	236 40	May 26, 1933	14 75	0 88	15 63	19 80	4 17	26.7

GENERAL NOTE:—For the year ended 11th January 1934, the gross profit of this department as a whole, after write-downs, shortages, etc., and before work room wages was 35.27% on cost.

THE T. EATON CO. LIMITED
FURNITURE DEPARTMENT—EXAMPLES OF PRICE SPREADS

PRICE SPREADS AND MASS BUYING

3199

Description of Goods	Total Amount Ordered	Examples of Shipments					Initial Mark-up	
		Date of Invoice	Unit Invoice Cost	Sales Tax and Freight	Unit Laid Down Cost	Initial Selling Price	Amount	Percentage to Cost
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
Dining Room Suite—Walnut—9 pieces.....	1,440.00	Aug. 31, 1933	120.00	9.32	129.32	215.73	86.41	66.8
Bedroom Suite—Walnut—4 pieces.....	510.00	Mar. 3, 1933	85.00	8.31	93.31	155.10	61.79	66.2
Dining Room Suite—Walnut—9 pieces.....	140.00	Jan. 31, 1934	140.00	10.57	150.57	249.10	98.53	65.4
Table, Porcelain Top 3' 6".....	45.00	Nov. 8, 1933	3.68	0.19	3.87	6.25	2.38	61.5
Dining Room Suite—Walnut—9 pieces.....	900.00	Jan. 4, 1934	75.00	3.00	82.30	131.13	48.83	59.3
Chesterfield Suite—3 pieces.....	50.00	Aug. 22, 1933	50.00	3.30	53.00	84.13	31.13	58.7
Bedroom Suite—4 pieces.....	330.00	Sept. 26, 1933	55.00	3.30	58.30	89.30	31.00	53.2
	3,762.50	Feb. 25, 1933	107.50	8.48	115.98	183.30	67.32	58.0
		Feb. 23, 1933	107.50	8.48	115.98	178.13	62.15	53.6
Bedroom Suite—4 pieces.....	1,175.00	Jan. 27, 1934	117.50	10.05	127.55	174.90	58.92	50.8
	1,089.00	Aug. 23, 1933	60.50	6.13	66.63	201.63	74.08	58.1
	3,117.50	Sept. 13, 1933	107.50	12.75	120.25	105.28	38.65	58.0
Dining Room Suite—Walnut—9 pieces.....	980.00	Jan. 20, 1934	98.00	7.85	105.85	164.50	58.65	55.4
Special Bedroom Suite—Walnut—4 pieces.....	902.00	July 24, 1933	41.00	3.75	44.75	69.50	24.75	55.3
Special Tea Wagon—Solid Walnut.....	281.25	Dec. 18, 1933	11.25	0.97	12.22	18.95	6.73	55.1
Chesterfield Suite—3 pieces.....	88.00	Aug. 17, 1933	88.00	8.78	96.78	149.93	53.15	54.9
Chesterfield.....	108.00	Nov. 3, 1933	18.00	1.08	19.08	29.50	10.42	54.6
Modern Chesterfield Suite—2 pieces.....	80.00	July 26, 1933	80.00	4.80	84.80	131.13	46.33	54.6
Wardrobe—Cedar lined.....	1,100.00	July 8, 1933	11.00	0.66	11.66	17.95	6.29	53.9
Bedroom Suite—Walnut—3 pieces.....	720.00	June 30, 1933	30.00	3.48	33.48	51.23	17.75	53.0
Special Dining Room Suite—Oak—9 pieces.....	1,275.00	July 24, 1933	85.00	7.00	92.00	140.53	48.53	52.8
Bedroom Suite—Walnut—4 pieces.....	2,487.50	Feb. 3, 1934	99.50	8.97	108.47	164.50	56.03	51.7
Occasional Chair.....	150.00	Dec. 16, 1933	12.50	0.75	13.25	19.95	6.70	50.6
Dining Room Suite—Walnut—9 pieces.....	900.00	Dec. 30, 1933	75.00	6.26	81.26	121.73	40.47	49.8
Dining Room Suite—Walnut—9 pieces.....	1,987.25	May 4, 1933	132.15	11.93	144.08	215.26	71.18	49.4
Bedroom Suite—4 pieces.....	5,000.00	Oct. 31, 1933	125.00	10.50	135.50	202.10	66.60	49.2
Refrigerators.....	4,000.00	Sept. 8, 1933	80.00	0.80	80.80	119.50	38.70	47.9
Dining Room Suite—Oak—9 pieces.....	4,000.00	Jan. 26, 1933	100.00	8.80	108.80	159.33	50.53	46.5
Special Tea Wagon—Solid Walnut.....	412.50	July 24, 1933	8.25	1.30	9.55	13.95	4.40	46.1
Bedroom Suite—4 pieces.....	1,575.00	Dec. 28, 1932	75.00	7.73	82.73	119.85	37.12	44.9
Special Sofa.....	108.00	Jan. 6, 1934	18.00	1.08	19.08	27.50	8.42	44.1
Dining Room Suite—Walnut—9 pieces.....	747.50	June 30, 1933	57.50	7.35	64.85	93.06	28.21	43.5
Dining Room Suite—Walnut—9 pieces.....	288.00	Feb. 3, 1934	40.80	8.62	49.42	69.50	20.08	40.6
Chairs.....	1,935.00	July 10, 1933	3.87	0.37	4.24	62.50	13.08	26.5
Spinet Desk—Walnut.....	1,050.00	Dec. 30, 1933	4.20	0.85	5.05	5.95	1.71	40.3
Dining Room Suite—Walnut—9 pieces.....	375.00	Feb. 14, 1934	125.00	9.53	134.53	6.95	1.90	37.6
Pillow Arm Chesterfield Suite—3 pieces.....	85.00	Feb. 3, 1934	42.50	2.53	45.05	5.25	0.20	4.0
						180.95	46.42	34.5
						59.95	14.90	33.1

Description of Goods	Total Amount Ordered	Examples of Shipment					Initial Mark-up	
		Date of Invoice	Unit Invoice Cost	Sales Tax and Freight	Unit Laid Down Cost	Initial Selling Price	Amount	Percentage to Cost
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
Spinet Desks—Birch—Walnut finish.....	400 00	Aug. 29, 1933	4 00	0 41	4 41	5 75	1 34	30 4
Dining Room Suite—Walnut.....	2,320 00	May 19, 1933	58 00	6 84	64 84	92 59	27 75	42 8
		Dec. 28, 1932	58 00	6 84	64 84	84 13	19 29	29 8
		June 7, 1933	58 00	6 84	64 84	79 43	14 59	22 5
Chairs.....	275 00	Aug. 9, 1933	2 75	0 32	3 07	3 89	0 82	26 7
Chesterfield Suite—3 pieces.....	875 00	July 27, 1933	35 00	2 10	37 10	46 95	9 85	26 5
Sofa and Arm Chair.....	54 00	Feb. 3, 1933	54 00	5 99	59 99	74 73	14 74	24 6
Arm Chairs—Walnut.....	1,087 50	Jan. 31, 1934	4 35	0 36	4 71	5 75	1 04	22 1
Arm Chair—selected leather.....	420 00	May 22, 1933	10 50	0 15	10 65	12 50	1 85	17 4
Special end tables—solid walnut.....	475 00	July 20, 1933	0 95	0 08	1 03	0 95	0 08	7 8
Refrigerator.....	5,750 00	July 31, 1933	115 00	.....	115 00	215 00	100 00	87 0
Dresser—Walnut.....	1,875 00	Mar. 14, 1933	12 50	1 61	14 11	24 50	10 39	73 6
Bedroom Suite—Oriental Walnut—4 pieces.....	2,702 50	Nov. 20, 1933	89 50	7 08	96 58	164 50	67 92	70 3
Bedroom Suite.....	1,440 00	Jan. 26, 1933	45 00	5 45	50 45	84 13	33 68	66 8
Eatonia Sewing Machine Cabinet.....	400 00	Feb. 12, 1933	8 00	0 41	8 41	14 00	5 59	66 5
		Feb. 18, 1933	8 00	0 41	8 41	13 50	5 09	60 5
Bedroom Suite—Walnut—4 pieces.....	1,925 00	Nov. 7, 1933	51 50	4 73	56 23	93 26	37 03	65 9
Duncan Phyfe Drop-leaf Table.....	331 25	Nov. 30, 1933	13 25	1 15	14 40	23 50	9 10	63 2
Nest of Tables—Walnut.....	637 50	Nov. 2, 1933	12 75	0 79	13 54	21 75	8 21	60 6
Special Birch Smokers.....	825 00	Nov. 27, 1933	1 65	0 17	2 47	3 95	1 48	59 9
Black Ash Tray Sets.....	325 00	Dec. 7, 1933	0 65	*	.....	.....	.....	.....
Dining Room Suite—Old English Oak—9 pcs.....	2,700 00	Feb. 2, 1934	135 00	11 42	146 42	230 30	83 88	57 3
Dining Room Suite—Old English Oak—9 pcs.....	2,160 00	Feb. 2, 1934	108 00	9 80	117 80	178 13	60 33	51 2
Bedroom Suite—Walnut—4 pieces.....	1,275 00	July 3, 1933	85 00	8 10	93 10	140 53	47 43	50 9
Bedroom Suite—Walnut—5 pieces.....	600 00	Nov. 2, 1932	100 00	8 60	108 60	162 75	54 15	49 9
Tea Wagon—Walnut.....	1,750 00	Dec. 5, 1933	17 50	1 25	18 75	28 00	9 25	49 3
Chairs—Solid Walnut.....	661 50	Jan. 10, 1933	4 90	0 43	5 33	7 95	2 62	49 2
Chairs—Solid Walnut.....	.....	Jan. 9, 1933	4 90	0 43	5 33	5 95	0 62	11 6
Chesterfield Suite—3 pieces.....	978 00	Aug. 1, 1933	81 50	8 39	89 89	131 13	41 24	45 9
Bedroom Suite—Walnut—4 pieces.....	1,062 00	Jan. 4, 1934	59 00	5 41	64 41	93 53	29 12	45 2
Dining Room Suite—Walnut—9 pieces.....	1,125 00	Aug. 3, 1933	75 00	9 04	84 04	121 73	37 69	44 8
Tea Wagon—Walnut.....	1,062 50	Aug. 8, 1933	12 50	1 25	13 75	19 75	6 00	43 6
Bedroom Suite—Walnut—4 pieces.....	3,000 00	Jan. 19, 1934	54 00	5 00	59 00	84 13	25 13	42 6
Bedroom Suite—Walnut—4 pieces.....	1,320 00	Aug. 5, 1933	60 00	5 85	65 85	93 53	27 68	42 0
Bedroom Suite—Oriental Walnut—4 pieces.....	3,673 75	Jan. 22, 1934	41 75	4 25	46 00	64 85	18 85	41 0
Bedroom Suite—Walnut—4 pieces.....	330 00	Jan. 2, 1934	55 00	5 30	60 30	84 13	23 83	39 5
"Britannic" Kitchen Cabinet.....	760 00	Nov. 30, 1933	19 60	1 67	21 27	29 50	8 23	38 7
Dining Room Suite—Solid Walnut—9 pieces.....	720 00	Jan. 2, 1934	60 00	6 60	66 60	84 13	17 53	26 3
Dining Room Suite—Solid Walnut—9 pieces.....	900 00	Jan. 6, 1933	60 00	7 45	67 45	79 90	12 45	18 5
Unfinished Chair.....	144 00	May 9, 1933	0 48	0 08	0 56	0 59	0 03	5 4

GENERAL NOTE.—For the year ended 11th January, 1934, the gross profit of this department as a whole after write-downs, shortages, etc., and before work-room wages, was 45.2 p.c. on cost.

THE T. EATON CO. LIMITED
MEN'S SHOE DEPARTMENT, S-10—EXAMPLES OF PRICE SPREADS

PRICE SPREADS AND MASS BUYING

3201

Description of Goods	Total Amount Ordered	Examples of Shipments					Initial Mark-up	
		Date of Invoice	Unit Invoice Cost	Sales Tax	Unit Cost Laid Down	Initial Selling Price	Amount	Percentage to Cost
			\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	p.c.
"Tatonia" Oxfords.....	1,350 pr.	Oct. 2, 1933	2.50	0.15	2.65	4.50	1.85	69.8
"Tatonia" Oxfords.....	66 pr.	Nov. 8, 1933	3.45	0.21	3.66	6.00	2.34	63.9
"Tatonia" Oxfords.....	570 pr.	Mar. 20, 1933	2.40	0.07	2.47	4.00	1.53	61.9
"Tatonia" Oxfords.....	345 pr.	Sept. 27, 1933	*2.15	0.03	3.08	4.98	1.90	61.7
"Canterbury" Oxfords.....	147 pr.	Sept. 1, 1933	4.60	0.23	4.83	7.50	2.67	55.3
"Renown" Oxfords.....	420 pr.	Oct. 4, 1933	2.20	0.13	2.33	3.75	1.42	60.9
"Tatonia" Oxfords.....	780 pr.	July 28, 1933	2.50	0.15	2.65	4.00	1.35	50.9
"Tatonia" Oxfords.....	465 pr.	May 22, 1933	2.50	0.15	2.65	4.00	1.35	50.9
"Renown" Oxfords.....	210 pr.	Mar. 2, 1933	2.25	0.07	2.32	3.50	1.18	50.9
"Renown" Oxfords.....	690 pr.	Aug. 31, 1933	2.20	0.13	2.33	3.50	1.17	50.2
"Renown" Oxfords.....	600 pr.	Aug. 4, 1933	1.90	0.11	2.01	2.98	0.97	48.3
"Renown" Oxfords.....	2,225 pr.	Sept. 5, 1933	0.40		0.04	.59	0.19	47.5
"Birkdale" Oxfords.....	90 pr.	June 13, 1933	1.90	0.11	2.01	2.98	0.97	48.3
"Birkdale" Oxfords.....	767 pr.	June 5, 1933	3.25	0.16	3.41	5.00	1.59	46.6
"Birkdale" Oxfords.....	1,365 pr.	Sept. 1, 1933	3.25	0.16	3.41	5.00	1.59	46.6
"Birkdale" Oxfords.....	1,500 pr.	July 27, 1933	3.25	0.16	3.41	5.00	1.59	46.6
"Don Romeo" Slippers.....	960 pr.	Dec. 4, 1933	2.10	0.13	2.23	3.25	1.02	45.6
"Birkdale" Oxfords.....	626 pr.	May 11, 1933	3.35	0.10	3.45	5.00	1.55	44.9
"Birkdale" Oxfords.....	262 pr.	July 27, 1933	4.60	0.23	4.83	7.00	2.17	44.9
"Canterbury" Oxfords.....	555 pr.	Jan. 1, 1933	2.70	0.08	2.78	4.00	1.22	43.9
"Tatonia" Oxfords.....	345 pr.	Jan. 26, 1933	2.75	0.08	2.83	4.00	1.17	41.3
"Tatonia" Oxfords.....	1,800 pr.	Dec. 2, 1933	1.95	0.12	2.07	2.85	0.78	37.7
"Tatonia" Oxfords.....	180 pr.	Jan. 20, 1933	4.30	0.10	4.40	5.95	1.55	35.2
"Tatonia" Oxfords.....	150 pr.	Jan. 27, 1933	2.15	0.06	2.21	2.98	0.77	34.8
"Tatonia" Oxfords.....	360 pr.	Feb. 8, 1933	2.15	0.06	2.21	2.98	0.77	34.8
"Tatonia" Oxfords.....	240 pr.	Aug. 15, 1933	2.00	0.12	2.12	2.79	0.67	31.6
"Tatonia" Oxfords.....	480 pr.	Sept. 11, 1933	2.15	0.13	2.28	2.99	0.71	31.1
"Tatonia" Oxfords.....	210 pr.	Sept. 8, 1933	1.35	0.14	1.49	1.95	0.46	30.9
"Tatonia" Oxfords.....	600 pr.	Aug. 23, 1933	1.45	0.08	1.53	2.00	0.47	30.7
"Tatonia" Oxfords.....	120 pr.	Nov. 13, 1933	2.90	0.17	3.07	3.99	0.92	30.0

*Includes freight and duty.

GENERAL NOTE:—For the year ended 11th January, 1934, the gross profit of the department as a whole after write-downs, shortages, etc., was 41.6% on cost.

THE T. EATON CO. LIMITED
HOME FROCKS—DEPARTMENT G-24—EXAMPLES OF PRICE SPREADS

Description of Goods	Total Amount Ordered	Examples of Shipments					Initial Mark-up	
		Date of Invoice	Unit Invoice Cost	Sales Tax and Freight	Unit Cost Laid Down	Initial Selling Price	Amount	Percentage of Laid-Down Cost
Conference Crepe Home Frocks.....	\$ cts.	June 7, 1933	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	71.5
600 Home Frocks.....	1,500.00	Oct. 1, 1933	1.25	0.06	1.31	2.25	0.94	108.5} Aver.
	800.00		1.33	0.08	1.41	2.95	1.54	37.8}
Women's Cotton Print Home Frocks.....	600.00	Aug. 12, 1935	0.50	0.03	0.53	1.95	0.54	67.9
Martha Washington Home Frocks.....	468.00	Aug. 19, 1933	3.00	0.14	3.14	4.95	1.81	57.4
Haleyon Prints.....	172.00	April 21, 1933	1.79	0.09	1.88	2.95	1.07	56.9
Empire Crepe Dresses.....	466.00	April 21, 1933	2.42	0.10	2.52	3.95	1.43	56.9
Celanese Home Frocks.....	660.00	May 25, 1933	1.38	0.08	1.46	2.25	0.79	54.4
Martha Washington Home Frocks.....	110.00	Sept. 29, 1933	1.83	0.09	1.92	2.95	1.03	53.5
Women's Voile Dresses.....	725.00	May 29, 1933	1.21	0.07	1.28	1.95	0.67	52.1
Short Sleeve Cotton Print Dresses.....	450.00	Feb. 6, 1933	0.63	0.03	0.66	1.00	0.34	50.9
Conference Crepe Dresses.....	502.50	July 25, 1933	0.63	0.03	0.66	1.00	0.34	50.9
Martha Washington Home Frocks.....	730.00	Sept. 8, 1933	1.25	0.06	1.31	1.95	0.64	48.7
Linen Dresses with contrast trim.....	600.00	Jan. 10, 1933	0.50	0.03	0.53	0.79	0.26	48.6
Home Frocks.....	1,822.50	Nov. 1, 1933	1.88	0.11	1.99	2.95	0.96	46.1
Cotton Print Dresses—2 styles.....	658.75	Feb. 3, 1933	0.64	0.04	0.68	1.00	0.32	46.1
Printed Pique Dresses.....	387.50	May 19, 1933	1.29	0.07	1.36	1.95	0.59	43.6
House Dresses.....	964.00	Oct. 29, 1933	0.67	0.04	0.71	1.00	0.29	41.1
All Wool Jerseys.....	1,237.50	Sept. 23, 1933	1.38	0.08	1.46	1.98	0.52	35.6
Misses' and Women's Printed Rayons.....	1,116.00	Mar. 11, 1933	2.25	Tax incl.	2.25	2.98	0.73	32.4
All Wool Jersey Dresses.....	875.00	Sept. 27, 1933	1.46	0.09	1.55	1.98	0.43	28.1
Purchased from the T. Eaton Co. Limited Factories—								
Duraline Home Frocks.....	198.00	April 6, 1933	1.38	0.08	1.46	2.95	1.49	102.4
Rayshene Dresses.....	72.00	April 4, 1933	2.00	0.12	2.12	3.95	1.83	86.3
Cotton House Dresses.....	136.50	April 29, 1933	1.62	0.10	1.72	2.95	1.23	71.3
Maternity Dresses.....	97.50	Feb. 20, 1933	1.62	0.10	1.72	2.95	1.23	71.3
Sample Dresses.....	26.00	April 26, 1933	1.08	0.07	1.15	1.95	0.86	69.8
Cotton Dresses.....	56.00	June 2, 1933	2.33	0.14	2.47	3.95	1.48	59.7
Home Frocks.....	110.00	Sept. 9, 1933	1.83	0.11	1.94	2.95	1.01	54.9
Broadcloth Smocks.....	56.25	Sept. 20, 1933	0.94	0.05	0.99	1.50	0.51	54.0
Voile Home Frocks.....	145.00	May 11, 1933	1.21	0.07	1.28	1.95	0.67	52.2
Cotton Pique Home Frocks.....	675.00	May 26, 1933	1.88	0.11	1.99	2.95	0.96	48.4
Cordin-Kibinetic Home Frocks.....	157.50	May 4, 1933	1.88	0.11	1.99	2.95	0.96	48.4
Duraline Home Frocks.....	75.00	July 3, 1933	1.25	0.03	1.33	1.95	0.62	47.2
Cotton Home Frocks.....	230.00	July 11, 1933	0.96	0.06	1.02	1.49	0.47	46.7
Home Frocks.....	80.00	Jan. 19, 1933	0.67	0.04	0.71	1.00	0.29	41.5

GENERAL NOTE.—For the year ended 11th January 1934, the gross profit of this department as a whole, after write-downs, shortages, etc., was 33.81% on cost.

THE T. EATON DRUG CO. LIMITED

WOMEN'S COATS UP TO \$39.50—DEPARTMENT G36—EXAMPLES OF PRICE SPREADS

PRICE SPREADS AND MASS BUYING

3203

Description of Goods	Total Amount Ordered	Examples of Shipments					Initial Mark-up	
		Date of Invoice	Unit Invoice Cost	Sales Tax etc.	Unit Cost Laid Down	Initial Selling Price	Amount	Percentage to Cost
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%
Women's Coats—Lots 444 and 445.....	149	May 10, 1933	6 00	0.30 each	6.30	{50—15 00 99—10 00}	8.70 3.70	138.09 58.73
Women's Coats—Angora Wool Tweed.....	25	Sept. 26, 1933	12.00	0.60	12.60	25.00	12.40	98.41
Heavy Leatherette and Jersey Raincoat.....	73	Sept. 8, 1933	3.10	0.155	3.255	5.95	2.695	82.79
Women's Coats—Lot 464.....	70	May 16, 1933	9.00	0.45	9.45	16.75	7.30	77.24
White Polo Cloth Coats.....	25	June 21, 1933	6.75	0.3375	7.0875	12.50	5.4125	76.36
White Corduroy Swagger Coats.....	12	June 17, 1933	5.50	0.275	5.775	10.00	4.225	73.16
Polo Coats—Lot 475.....	13	May 17, 1933	7.00	0.35	7.35	12.50	5.15	70.06
Women's Coats—Celasilk Linings.....	30	Sept. 26, 1933	7.25	0.3625	7.6125	12.50	4.8875	64.20
Women's Coats—676 Tweed.....	24	April 4, 1933	10.50	Tax inclu.	10.50	16.75	6.25	59.52
Plaid and Suedeine Raincoats.....	34	Sept. 7, 1933	5.75	0.3875	6.1375	9.75	3.6125	58.85
Women's Coats—Lot 321.....	46	April 7, 1933	9.00	0.45	9.45	15.00	5.55	58.73
Women's Coats—Lot 322.....	25	April 7, 1933	15.00	0.75	15.75	{22-25.00 3-29.50}	9.25 13.75	58.73 87.30
Women's Coats—Lot 605.....	40	Oct. 12, 1933	25.00	Tax included	25.00	39.50	14.50	58.00
Women's Coats—Lot 619, Whitney Cloth.....	8	Sept. 7, 1933	12.00	0.60	12.60	19.75	7.15	56.74
Women's Coats—Lot 703, Crepe.....	20	April 15, 1933	12.00	0.60	12.60	19.57	7.15	56.74
Women's Coats—Lot 605.....	21	April 21, 1933	16.00	Tax included	16.00	25.00	9.00	56.25
Women's Coats—Lot 886, 894, 896, 918.....	92	Sept. 18, 1933	10.25	0.5125	10.7625	16.75	5.9875	55.63
Women's Coats—Lot 657 Tweed.....	21	April 4, 1933	13.00	Tax included	13.00	19.75	6.75	51.92
Women's Coats.....	85	Nov. 29, 1933	12.50	0.625	13.125	19.75	6.625	50.47
Women's Coats—Lot 519 Tweed.....	15	Sept. 6, 1933	9.50	0.475	9.975	15.00	5.025	50.37
Women's Coats—Lot 882.....	50	Sept. 26, 1933	9.50	0.475	9.975	15.00	5.025	50.37
Women's Coats—Manchurian Wolf Collars and Cuffs.....	15	Sept. 21, 1933	23.50	1.41	24.91	39.50	14.95	58.57
Women's Coats—Muskrat Collars only.....	44	Nov. 1, 1933	15.00	0.90	15.90	25.00	9.10	57.23
Sample Coats.....	31	Sept. 23, 1933	9.00	0.54	9.54	15.00	5.46	57.23
Women's Coats—French Seal Collars.....	10	Dec. 13, 1933	12.00	0.72	12.72	19.75	7.03	55.27
Women's Coats—Arabian Lynx Collars and Cuffs.....	42	Sept. 27, 1933	9.25	0.555	9.805	14.95	5.145	52.47
Coats—Wolf Collars and Cuffs.....	21	Aug. 3, 1933	26.65	1.599	28.249	38.75	10.501	37.17
Women's Coats—Sable Collars and Cuffs.....	12	July 12, 1933	20.50	1.23	21.73	29.75	8.02	36.91
Women's Coats—Sable Collars and Cuffs.....	14	July 13, 1933	16.25	0.975	17.225	23.50	6.275	36.43

GENERAL NOTE.—For the year ended 11th January, 1934, the gross profit of this department as a whole, after write-downs, shortages, etc., was 39.16% on cost.

THE T. EATON CO. LIMITED

WOMEN'S SWEATERS, KNIT SUITS AND DRESSES DEPARTMENT C-52--EXAMPLES OF PRICE SPREADS

Description of Goods	Total Amount Ordered	Examples of Shipments					Initial Mark-up	
		Date of Invoice	Unit Invoice Cost	Sales Tax, etc.	Unit Cost Laid Down	Initial Selling Price	Amount	Percentage to Cost
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
Cardigans No. 912.....	65 40	Aug. 19, 1933	1.09	0.14	1.23	2.49	1.26	102.1
Cardigans No. R. 495.....	98.88	Aug. 21, 1933	2.06	0.19	2.25	3.95	1.70	75.2
3 piece suits.....	656 00	Oct. 13, 1933	8.00	Tax incl.	8.00	13.95	5.95	74.4
231 x Plain Knit Cardigans.....	98.88	Aug. 21, 1933	2.06	0.22	2.28	3.95	1.67	73.2
Knitted Suits.....	280.50	Oct. 8, 1933	16.50	0.83	17.33	29.50	12.17	70.3
Wool Bathing Suits 5844 and 5949.....	273 00	June 21, 1933	1.08	0.07	1.15	1.95	0.80	69.8
Bathing Suits No. 45113.....	65.00	June 29, 1933	1.08	0.07	1.15	1.95	0.80	69.8
Knitted Suits.....	216.00	Sept. 8, 1933	9.00	0.45	9.45	15.95	6.50	68.8
Suits 8240/2.....	108 00	Sept. 1, 1933	9.00	0.54	9.54	15.95	6.41	67.2
Knitted Suits.....	153.00	Aug. 14, 1933	17.00	0.85	17.85	29.50	11.65	65.3
Pullovers K 967.....	52.64	July 25, 1933	1.88	0.52	2.40	3.95	1.55	64.5
3 piece knitted Suits No. 861.....	200 00	Aug. 14, 1933	4.00	0.24	4.24	6.95	2.71	63.9
Wool Bathing Suits No. 5370.....	327.75	June 21, 1933	1.44	0.80	1.52	2.49	0.97	63.4
Knitted Suits.....	4,016.25	Oct. 17, 1933	8.75	0.53	9.28	17.95	8.67	93.5
						13.95	4.67	50.4
						9.95	0.67	7.3
3 piece Knitted Suits No. 871.....	90 00	Aug. 31, 1933	7.50	0.45	7.95	12.95	5.00	62.9
Long Sleeve Pullovers.....	1,050.00	Nov. 21, 1933	1.75	0.09	1.84	2.95	1.11	60.5
Assorted Bathing Suits.....	483.75	June 22, 1933	0.94	0.05	0.99	1.59	0.60	60.0
Bathing Suits—Strap Back 49/83.....	81 67	June 29, 1933	2.33	0.14	2.47	3.95	1.48	59.7
Pullovers.....	609.00	Nov. 25, 1932	1.75	0.11	1.86	2.95	1.09	59.0
3 piece Knitted Suits No. 813.....	78.00	Aug. 14, 1933	6.50	0.39	6.89	10.95	4.06	58.9
3 piece Knitted Suits No. 804.....	85.50	Sept. 15, 1933	9.50	0.57	10.07	15.95	5.88	58.4
Pullovers—Turtle Neck.....	70.00	Oct. 16, 1933	1.17	0.07	1.24	1.95	0.71	57.7
Bathing Suits—J118.....	350.00	July 14, 1933	1.75	0.07	1.82	1.95	0.71	57.7
Suits and Sweaters—Bramble 43.....	155.00	Aug. 19, 1933	7.75	0.47	8.22	12.95	4.73	57.6
Suits and Sweaters—T. P. 589.....	155.00	Aug. 24, 1933	7.75	0.47	8.22	12.95	4.73	57.6
Suits—2337.....	117.00	Sept. 8, 1933	9.75	0.41	10.16	15.95	5.79	57.1
3 piece Knitted Suits—853.....	144 00	Aug. 23, 1933	6.00	0.36	6.36	9.95	3.59	56.4
3 piece Knitted Suits—876.....	72.00	Aug. 17, 1933	6.00	0.36	6.36	9.95	3.59	56.4
Suits.....	360.00	Aug. 28, 1933	6.00	0.36	6.36	9.95	3.59	56.4
Suits and Sweaters—T. P. 597.....	90.00	Aug. 18, 1933	6.00	0.36	6.36	9.95	3.59	56.4
3 piece Knitted Suits.....	720.00	Aug. 22, 1933	3.60	0.22	3.82	5.95	2.13	55.9
Suits and Sweaters—S set 18.....	54 00	Aug. 24, 1933	3.00	0.18	3.18	4.95	1.77	55.7
Varsity Special Sweater Sets—Suits.....	2,050 00	Sept. 25, 1933	10.25	0.51	10.76	16.75	5.99	55.6

Bathing Suits 60/6.....	430.00	June 22, 1933	1.79	0.11	1.90	2.95	1.05	55.3
Pullovers.....	430.00	Mar. 10, 1933	1.79	0.11	1.90	2.95	1.05	55.3
Bathing Suits 60/6.....	546.45	June 7, 1933	1.79	0.11	1.90	2.95	1.05	55.3
Ladies P.O. Sweaters.....	1,012.50	Sept. 19, 1933	0.62	0.04	0.66	{ 1.59	0.93	140.0
						{ 1.00	0.34	50.9
								55.2
Wool Bathing Suits—5003.....	171.00	June 21, 1933	0.79	0.05	0.84	1.29	0.45	53.7
Bathing Suits (crossback and crest).....	108.75	June 22, 1933	1.81	0.11	1.92	2.95	1.03	53.5
Badminton Sweater Sets.....	1,100.00	Nov. 7, 1933	1.83	0.09	1.92	2.95	1.03	53.6
Suits and Sweaters—T.P. 600.....	180.00	Aug. 21, 1933	12.00	0.72	12.72	19.50	6.78	53.3
Suits and Sweaters—T.P. 596.....	120.00	Aug. 24, 1933	12.00	0.72	12.72	19.50	6.78	53.3
3 piece Suits.....	506.25	June 22, 1933	6.75	0.41	7.16	10.95	3.79	53.0
Pullovers.....	1,087.50	Aug. 22, 1933	0.60	0.04	0.64	0.98	0.34	53.0
Wool and Silk and Wool Cardigan Coats.....	619.88	Oct. 11, 1933	1.11	0.11	1.22	2.93	1.01	52.6
Bathing Suits—Assorted.....	435.00	June 29, 1933	1.21	0.07	1.28	1.95	0.67	52.2
Bramble P.O. Sweaters.....	970.00	Nov. 1, 1933	2.50	0.13	2.63	3.95	1.32	50.2
3 piece Knitted Suits.....	312.50	May 10, 1933	6.25	0.38	6.63	9.95	3.32	50.2
Knitted Suits 2 piece Coat Style.....	225.00	May 10, 1933	5.00	0.30	5.30	7.95	2.65	50.0
Pullovers—Assorted.....	506.25	Mar. 10, 1933	0.56	0.04	0.60	0.80	0.29	48.3
Suits—Assorted.....	1,046.50	Jan. 31, 1933	6.50	0.40	6.90	9.95	3.05	44.2
Bramble Suits.....	850.00	Jan. 21, 1933	8.50	0.51	9.01	12.95	3.94	43.7
Fancy Pullover—S.K. 99½.....	64.20	Feb. 14, 1933	1.07	0.38	1.45	1.98	0.53	36.5
Polo Shirts.....	837.00	Jan. 8, 1933	0.19	0.01	0.20	0.25	0.05	25.0
Purchases from The T. Eaton Co. Limited Factories—								
Fur Fabric Jackets.....	26.10	Mar. 7, 1933	4.35	0.26	4.61	7.95	3.34	72.5
Fur Fabric Jackets.....	60.00	Mar. 7, 1933	5.00	0.30	5.30	8.95	3.65	68.9
Cotton Jersey Dresses.....	20.00	Oct. 6, 1933	1.67	0.10	1.77	2.95	1.18	67.0
Flannel Jackets.....	68.40	May 17, 1933	2.85	0.17	3.02	4.95	1.93	63.9
Eatonia Cardigan.....	431.25	Mar. 6, 1933	1.88	0.11	1.99	3.25	1.26	63.3
Wool Jersey Dresses.....	72.50	Sept. 28, 1933	2.90	0.17	3.07	4.95	1.88	61.0
Jersey Dresses.....	70.00	Oct. 6, 1933	3.50	0.21	3.71	5.95	2.24	60.4
Eatonia Cardigan.....	1,050.00	Dec. 18, 1933	1.75	0.11	1.86	2.95	1.09	59.0
Silk Jackets.....	33.25	May 5, 1933	1.75	0.11	1.86	2.95	1.09	59.0
Jackets—Assorted.....	82.25	May 17, 1933	1.75	0.11	1.86	2.95	1.09	59.0
Fur Fabric Jackets.....	72.00	April 5, 1933	6.00	0.36	6.36	9.95	3.59	56.4
Linen Jackets.....	25.67	May 11, 1933	1.83	0.11	1.94	2.95	1.01	52.1
Pique Jackets.....	45.83	June 5, 1933	1.83	0.11	1.94	2.95	1.01	52.1
Cotton Jackets.....	30.80	May 27, 1933	2.20	0.13	2.33	3.50	1.17	50.1
Leatherette Jackets.....	90.00	Aug. 16, 1933	1.88	0.11	1.99	2.95	0.96	48.4

GENERAL NOTE.—For the year ended 11th January 1934 the gross profit of this Department as a whole after write-downs, shortages, etc., was 37.45% on cost.

Assorted Misses' Blouses.....	Mar. 16, 1933	1.00	0.06	1.06	1.49	0.43	40.6
Misses' Sunday Night Rough Weave Art Silk Dresses.....	Oct. 2, 1933	580.00	2.90	3.07	4.94	1.87	60.7
Chonga Cloth Coats.....	Sept. 7, 1933	355.00	7.10	7.10	9.95	2.85	40.1
Blanket Cloth—Cord trim, No. 098.....	Oct. 4, 1933	800.00	1.33	1.41	1.98	0.57	40.1
Dresses—Rough and Sheer Crepe.....	Nov. 8, 1933	600.00	2.00	2.12	2.94	0.82	38.7
Rough Crepe Dresses.....	Dec. 30, 1933	600.00	2.00	2.12	2.93	0.81	38.2
Sheer and Rough Crepe Dresses.....	Mar. 16, 1933	810.00	3.38	3.58	4.94	1.36	38.1
Print Combination Dresses.....	Jan. 12, 1934	285.00	2.85	2.85	3.93	1.08	37.9
Women's Plain Crepe Dresses.....	Jan. 13, 1934	142.50	2.85	2.85	3.93	1.08	37.9
Cotton Print Frocks.....	Oct. and Nov., 1933	1,530.75	0.54	0.57	0.79	0.22	37.6
Wool Jersey Dresses.....	Nov. 21, 1933	240.00	1.33	1.41	1.94	0.53	37.3
Plain and Print Dresses.....	Feb. 8, 1934	232.50	3.10	3.29	4.49	1.20	36.6
Mosque Crepe Dresses.....	Feb. 12, 1934	945.00	3.15	3.34	4.49	1.15	34.5
Printed Voile Dresses.....	June 24, 1933	68.75	1.38	1.46	1.94	0.48	33.1
Women's and Misses' Dresses.....	Jan. —, 1934	249.00	3.00	3.00	3.93	0.93	31.0
Wool French Crepe Dresses.....	Dec. 19, 1933	660.00	1.37	1.44	1.88	0.44	30.1
Kersplash Cotton Print Dresses.....	May 19, 1933	720.00	0.75	0.80	1.00	0.20	25.8
Party Evening Dresses.....	Dec. 12, 1933	300.00	3.00	3.18	3.94	0.76	23.9
Women's House Dresses.....	May 25, 1933	825.00	0.46	0.49	0.59	0.10	21.4
Printed Cotton House Dresses.....	Jan. 31, 1934	3,300.00	0.46	0.49	0.58	0.09	19.6
Cotton Print Frocks.....	Dec. 15, 1933	3,405.00	0.62	0.66	0.79	0.13	19.3
Printed Voile Dresses.....	June 26, 1933	277.50	1.54	1.63	1.94	0.31	18.7
House Dresses.....	Sept. 23, 1933	337.50	0.38	0.40	0.45	0.05	12.5

THE T. EATON CO. LIMITED
WOMEN'S AND CHILDREN'S UNDERWEAR—DEPARTMENT C10—EXAMPLES OF PRICE SPREADS

Description of Goods	Total Amount Ordered	Examples of Shipments					Initial Mark-up	
		Date of Invoice	Unit Invoice Cost	Sales Tax, Freight, etc.	Unit Cost Laid Down	Initial Selling Price	Amount	Percentage of Cost
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
Glove Silk Bloomers.....	404.00	Sept. 27, 1933	{ 1.29	0.01	1.30	2.50	1.20	91.5
Nightgowns.....			{ 1.54	0.02	1.56	2.95	1.39	89.4
Knitted Cotton Vests and Drawers.....	1,575.00	May 25, 1933	0.37	0.01	0.38	0.65	0.27	70.4
Yama Pajamas.....	540.80	Sept. 11, 1933	0.39	0.02	0.41	0.69	0.28	69.3
	1,920.50	Mar. 6, 1933	0.96	0.07	1.03	{ 1.75	0.72	70.5} Av.
						{ 1.29	0.26	25.7} 67.5
Braymore Flannelette Gowns.....	646.50	Dec. 24, 1932	0.57	0.04	0.61	1.00	0.39	63.7
Braymore Flannelette Gowns.....	720.00	{ Dec. 9, 1932	0.57	0.04	0.61	1.00	0.39	63.7
		{ Dec. 14, 1932						
		{ Feb. 27, 1933						
Real Silk, Crepe de Chine Slips.....	5,500.00	{ Feb. 25, 1933	0.92	0.06	0.98	1.59	0.61	62.2
		{ Feb. 24, 1933						
Vests, Knitted Cotton.....	575.00	Mar. 8, 1933	0.14	0.01	0.15	0.25	0.10	61.4
Knitted Cotton Vests and Drawers.....		Sept. 11, 1933	0.46	0.03	0.49	0.79	0.30	59.5
Knitted Cotton Vests, Bloomers and Panties.....	398.75	Aug. 31, 1933	0.23	0.02	0.25	0.39	0.14	59.1
Knitted Cottons and Rayons.....	262.50	Aug. 23, 1933	0.31*		0.31	0.50	0.19	58.3
Pajamas.....	798.00	Nov. 18, 1933	2.33	0.16	2.49	3.95	1.46	58.2
Panties.....	647.50	June 13, 1933	0.44*		0.44	0.69	0.25	57.7
Slips.....	995.00	Jan. 11, 1933	0.29	0.02	0.31	0.49	0.18	56.8
Crepe Slips.....	1,400.00	April 5, 1933	1.17	0.08	1.25	1.95	0.70	56.2
Gowns.....	370.50	Nov. 29, 1933	2.38	0.17	2.55	3.95	1.40	55.4
Assorted Satin Lingerie.....	3,650.00	{ Dec. 1, 1933	1.52*		1.52			
Gowns.....		{ Dec. 4, 1933				{ 2.98	1.46	95.8}
Slips.....						{ 2.69	1.17	76.8} Av.
Dance Sets and Chemises.....						{ 1.37	0.15	9.9} 54.6
Slips—Rayon Taffeta.....	656.25	June 8, 1933	0.73	0.04	0.77	1.19	0.42	54.0
Eatonia Yama Pajamas.....	637.50	Oct. 2, 1933	1.06	0.07	1.13	1.75	0.62	53.9
Slips.....	556.50	Dec. 1, 1933	1.79	0.12	1.91	2.95	1.04	53.9
Mesh Lingerie—Cotton or Rayon Cotton.....	818.12	Sept. 20, 1933	0.23	0.02	0.25	0.38	0.13	53.0
Panties.....		June 13, 1933	0.32*		0.32	0.49	0.17	52.7
Rayon Taffeta Slips.....	1,400.00	Feb. 21, 1933	0.58	0.04	0.62	0.95	0.33	52.2
Celanese Taffeta Slips.....	1,850.00	July 26, 1933	0.58	0.04	0.62	0.95	0.33	52.2
Vests and Bloomers.....	187.50	Nov. 24, 1933	0.63	0.04	0.67	1.00	0.33	50.9
Gowns—Rayon.....	1,600.00	Aug. 11, 1933	0.67*		0.67	1.00	0.33	50.0

Assorted Rayon Lingerie.....	3,200.00	{Nov. 11, 1933}	0.67*	.....	0.67	1.00	0.33	50.0
Pure Dye Silk, Crepe Lingerie.....		{Nov. 13, 1933}						
Gowns.....	1,935.00	{July 28, 1933}	1.61	0.12	1.73	{3.49	1.76	101.7
Slips.....		{July 29, 1933}				{2.98	1.25	72.3
Chemise, Dance Sets, Panties.....						{1.98	0.25	14.4
Gowns and Pajamas.....	525.00	Feb. 16, 1933	0.63	0.04	0.67	1.00	0.33	49.4
Celanese Taffeta Slips.....		Aug. 12, 1933	0.63	0.04	0.67	1.00	0.33	49.4
Cotton Crepe Pajamas.....	247.50	June 10, 1933	0.63	0.04	0.67	1.00	0.33	49.4
Flannelette Pajamas.....	525.00	Nov. 2, 1933	0.58	0.04	0.62	0.93	0.31	49.0
Gowns.....						{3.49	1.76	101.7
Slips.....	1,935.00	Sept. 1, 1933	1.61	0.12	1.73	{2.89	1.16	67.0
Dance Sets and Chemises, Panties.....						{1.89	0.16	9.2
Gowns.....	5,445.00	{Oct. 31, 1933}	1.13*	.....	1.13	2.27	1.14	101.7
Slips.....		{Nov. 2, 1933}	1.13*	.....	1.13	1.57	0.44	39.5
Chemises and Dance Sets.....		{Nov. 4, 1933}	1.13*	.....	1.13	1.37	0.24	21.7
Bloomers, Vests and Pajamas.....	730.00	Jan. 7, 1933	0.30	0.02	0.32	0.48	0.16	48.8
Assorted Lingerie—Pajamas.....		Oct. 30, 1933	2.00*	.....	2.00	0.97	0.16	48.5
Job lot underwear—Bloomers and Panties.....	2,695.50	.....	0.50	0.04	0.54	0.79	0.25	47.6
Rayon Vests and Panties.....	2,000.00	July 28, 1933	0.33*	.....	0.33	0.49	0.16	47.0
Slips.....		Jan. 11, 1933	0.38	0.03	0.41	0.59	0.18	46.8

*Sales Tax included.

THE T. EATON CO. LIMITED

WOMENS AND CHILDRENS' UNDERWEAR—DEPARTMENT C10—EXAMPLES OF PRICE SPREADS

Description of Goods	Total Amount Ordered	Examples of Shipments					Initial Mark-up	
		Date of Invoice	Unit Invoice Cost	Sales Tax and Freight	Unit Cost Laid Down	Initial Selling Price	Amount	Percentage to Cost
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
Vest Knitted Cotton.....	.....	Mar. 8, 1933	0.18	0.01	0.19	0.29	0.10	46.8
Rayon Bloomers, Vests and Panties.....	450 00	Sept. 19, 1933	0.19	0.01	0.20	0.29	0.09	46.2
Mesh Panties.....	450.00	June 26, 1933	0.19	0.01	0.20	0.29	0.09	46.2
Slips (The amount of this order is included with example 15 above).	.....	Jan. 11, 1933	0.25	0.02	0.27	0.39	0.12	45.7
Rayon Broomers.....	886.65	{Oct. 25, 1933}	0.33	0.02	0.35	0.59	0.24	68.9) Av.
		{Dec. 1, 1933}						
		{Dec. 13, 1933}						
		{Nov. 8, 1933}						
		{Nov. 24, 1933}	0.96	0.07	1.03	1.49	0.46	45.2
		{May 13, 1933}						
		{April 12, 1933}						
		{Jan. 14, 1933}						
Yama Pajamas.....	552 50	Jan. 14, 1933	0.71	0.05	0.76	1.10	0.34	45.1
Slips.....	1,950 00	Nov. 25, 1933	*1.08	.....	1.08	1.57	0.49	44.9
Eatonia Flannelette Pyjamas.....	420 00	Dec. 5, 1933	1.00	0.07	1.07	1.55	0.48	44.8
Braymore Flannelette Gowns.....	.....	Dec. 17, 1932	0.65	0.05	0.70	1.00	0.30	42.9
Braymore Flannelette Gowns.....	.....	Dec. 9, 1932	0.65	0.05	0.70	1.00	0.30	42.9
Braymore Flannelette Gowns.....	902.75	Oct. 20, 1933	0.65	0.05	0.70	1.00	0.30	42.9
Real Silk, Crepe de Chine Slips.....	.....	{Feb. 24, 1933}	0.92	0.06	0.98	1.39	0.41	41.7
		{Feb. 25, 1933}						
		{Feb. 27, 1933}						
Gowns and Pyjamas.....	.....	Feb. 16, 1933	0.69	0.05	0.74	1.00	0.26	35.9
Assorted Lingerie.....	.....	.....	*0.58	.....	0.58	0.77	0.19	32.0
Silk Panties.....	337.50	June 12, 1933	0.63	0.04	0.67	0.79	0.12	18.1
Rayon Gowns.....	.....	Jan. 9, 1934	*0.67	.....	0.67	0.50	0.17	25.0

*Sales Tax included.

GENERAL NOTE.—For the year ended 11th January 1934 the Gross Profit of this Department as a whole, after write-downs, shortages, etc., was 48.4% on Cost.

WOMENS' AND CHILDRENS' UNDERWEAR—DEPARTMENT C10—EXAMPLES OF PRICE SPREADS

PRICE SPREADS AND MASS BUYING

3211

Description of Goods	Total Amount Ordered	Examples of Shipments					Initial Mark-up	
		Date of Invoice	Unit Invoice Cost	Sales Tax and Freight	Unit Cost Laid Down	Initial Selling Price	Amount	Percentage to Cost
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
Rayon and Knitted Goods from T. Eaton Company Limited Hamilton Factory—								
T 618½ Wool and Rayon Combinations Innstk.....	387.50	Dec. 1, 1933	0.65	0.03	0.68	1.19	0.51	73.9
T 889E Wool Panties.....	135.00	Sept. 27, 1933	0.38	0.06	0.40	0.69	0.29	73.4
"Mayfair" Vests 2902.....	459.00	Oct. 17, 1933	1.13	0.02	1.19	2.00	0.81	67.7
"Mayfair" Drawers 2902 K. Open Sizes 40 46.....	168.00	Nov. 17, 1933	1.17	0.07	1.24	2.00	0.76	61.7
"Mayfair" Combinations 2902½ Innstk.....	189.00	Nov. 17, 1933	1.75	0.11	1.86	3.00	1.14	61.7
"Mayfair" Vest and Bloomer Sets. Boxed No. 5206.....	700.00	Nov. 14, 1933	1.17	0.07	1.24	2.00	0.76	61.7
"Patonia" Vests 2950 Inns.....	266.00	Sept. 23, 1933	0.55	0.04	0.59	0.95	0.36	61.7
136½ Cotton Combinations Innstk.....	171.50	Dec. 1, 1933	0.41	0.02	0.43	0.69	0.26	59.5
"Eatonia" Vest (4106) and Bloomer (4102) Sets Boxed.....	1,657.50	Nov. 30, 1933	0.92	0.06	0.98	1.50	0.52	53.7
"Eatonia" Bloomers 2950.....	200.00	Sept. 23, 1933	0.83	0.05	0.88	1.35	0.47	52.8
"Patonia" Wool and Rayon Combinations 2950½.....	650.00	Sept. 20, 1933	1.08	0.07	1.15	1.75	0.60	52.4
"Patonia" Bloomers 22110.....	921.25	Mar. 9, 1933	0.28	0.02	0.30	0.45	0.15	52.1
"Eatonia" Slips 1118.....	1,125.00	Oct. 26, 1933	0.94	0.05	0.99	1.50	0.51	51.0
"Braemore" Bloomers 7520.....	1,500.00	Aug. 31, 1933	0.31	0.02	0.33	0.50	0.17	51.1
"Patonia" Bloomers 4102 V.....	1,695.00	Aug. 31, 1933	0.47	0.03	0.50	0.75	0.25	50.3
"Eatonia" Panties 4111 V.....	565.00	Aug. 31, 1933	0.47	0.03	0.50	0.75	0.25	50.3
"Eatonia" Gowns 1107½.....	1,150.00	Aug. 24, 1933	0.96	0.06	1.02	1.50	0.48	47.7
"Mayfair" Vests 2902½.....	161.00	Oct. 17, 1933	0.96	0.06	1.02	1.50	0.48	47.7
Rayon and Knitted Goods from Toronto Factory—								
No. 52497 Celanese Taffeta Slip—Shaped Shoulder.....	900.00	Nov. 17, 1933	0.75	0.04	0.79	1.39	0.60	74.8
55871 Lace trimmed slip.....	775.00	Mar. 3, 1933	0.65	0.03	0.68	1.10	0.42	60.8
53007 Celanese Taffeta Slip Cut out lace adjustable straps.....	1,700.00	May 16, 1933	0.71	0.04	0.75	1.19	0.44	58.5
55809 Celanese Taffeta tailored slip.....	1,370.00	Mar. 3, 1933	0.57	0.04	0.61	0.95	0.34	57.0
Whitewear from The T. Eaton Co. Limited—Toronto Factory—								
No. 15367 Gowns Cut out lace 54".....	487.50	Dec. 2, 1933	1.08	0.07	1.15	2.39	1.24	108.1
52711, 52713 lace trimmed slip.....	579.00	Dec. 8, 1933	1.58	0.10	1.68	2.89	1.21	72.2
52503 Bias cut shaped top, lace trimmed slip adj. straps.....	1,666.67	April 26, 1933	1.04	0.06	1.10	1.79	0.69	62.1
52499 Bias cut slip, lace trimmed.....	1,666.67	April 26, 1933	1.04	0.06	1.10	1.69	0.59	53.1
55483 Bias cut slip, lace trimmed.....	1,500.00	Feb. 13, 1933	1.00	0.06	1.06	1.59	0.53	50.0
15377 Crepe 2 pc. pyjamas, lace trimmed.....	568.75	Dec. 2, 1933	1.90	0.11	2.01	2.98	0.97	48.3
53259 Slips cut out lace at top and hem.....	780.00	Dec. 2, 1933	1.08	0.07	1.15	1.69	0.54	47.2
12999 Flannellette Gowns H. N. L. S. (also 0555).....	430.00	Feb. 1, 1933	0.90	0.05	0.95	1.35	0.40	42.2
53243 Chemise (lace trimmed) and No. 53273 (lace trimmed).....	585.00	Dec. 2, 1933	1.08	0.07	1.15	1.49	0.34	29.8
41481, 3 & 5 Dance Sets, Adjustable straps on brassieres.....	380.00	Dec. 8, 1933	1.58	0.10	1.68	1.89	0.21	12.6

GENERAL NOTE.—For the year ended 11th January 1934 the gross profit of the Department as a whole, after write-downs, shortages, etc., was 48.4% on cost.

THE T. EATON CO. LIMITED
MEN'S AND BOYS' CLOTHING—ANNEX DEPARTMENT L-44—EXAMPLES OF PRICE SPREADS

Description of Goods	Total Amount Ordered	Examples of Shipments					Initial Mark-up	
		Date of Invoice	Unit Invoice Cost	Sales Tax and Freight	Unit Laid Down Cost	Initial Selling Price	Amount	Percentage to Cost
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
Young Men's 4-piece Suits, Ready Made.....	297.50	Aug. 31, 1933	8.50	0.42	8.92	13.90	4.98	55.8
Men's 2-pant suits.....	496.00	Jan. 12, 1933	8.00	0.55	8.55	12.65	4.10	48.0
Men's and Young Men's Fancy Worsted and Serge 2-pant suits.....	292.50	Oct. 20, 1933	9.75	0.65	10.40	14.90	4.50	43.3
Men's 2-pant suits, Nos. 9025-9022-9039, etc.....	318.50	Oct. 16, 1933	6.50	0.48	6.98	9.90	2.92	41.8
Men's and Young Men's Fancy Worsted and Serge 2-pant suits.....	943.50	Aug. 21, 1933	9.25	0.62	9.87	13.90	4.03	40.8
Students' Blue Botany Serge 4-piece suits—coat, vest, 2 longs.....	576.00	Aug. 31, 1933	8.00	0.55	8.55	11.95	3.40	39.8
Boys' Blue Botany Serge Int. suits—longs, breeches.....	249.75	Aug. 31, 1933	6.75	0.47	7.22	9.95	2.73	37.8
Men's and Young Men's Fancy Tweed 2-pant suits, Hymo Lapels.....	997.50	Aug. 15, 1933	9.50	0.65	10.15	13.90	3.75	36.9
2-pant Suits.....	1,537.50	Feb. 25, 1933	10.25	0.68	10.93	14.90	3.97	36.3
Men's 2-pant suits, including about 65 Hornes Blue.....	1,350.00	Mar. 16, 1933	9.00	0.62	9.62	12.60	2.98	31.0
Men's 2-pant Worsted Suits.....	3,832.50	Aug. 3, 1933	10.50	0.70	11.20	13.90	2.70	24.1
Men's 2-pant Suits.....	1,200.00	Jan. 12, 1933	10.00	0.68	10.68	12.65	1.97	18.4
No. 1858—18 oz. Blue Botany Serge 2-pant suits.....	708.00	Jan. 8, 1934	12.00	0.79	12.79	15.00	2.21	17.3
Men's Covert Topcoats.....	181.50	Mar. 6, 1933	5.50	0.41	5.91	10.00	4.09	69.2
Men's Overcoats—Nos. 8153-8162-8175 Chesterfield, Slip- on, Ulsterette, Guard.....	952.00	Jan. 10, 1934	7.00	0.49	7.49	11.50	4.01	53.5
Men's Fall Overcoats—Avenue, Astor, Munroe.....	2,717.00	Oct. 11, 1933	11.00	0.76	11.76	16.75	4.99	42.4
Men's Overcoats.....	351.00	Oct. 7, 1933	9.75	0.75	10.50	14.90	4.40	41.9
Topcoat—Dark Grey Slipon, No. 984 Grey Raglan.....	170.00	Sept. 14, 1933	10.00	0.67	10.67	14.75	4.08	38.2
Men's Overcoats, R.M. Raglan, etc.....	1,225.00	Sept. 30, 1933	8.75	0.66	9.41	12.90	3.49	37.1
Grey Raglan Topcoats.....	120.00	Sept. 14, 1933	12.00	0.79	12.79	17.50	4.71	36.8
Men's Overcoats—Blue Melton, Brown Overcoating.....	910.00	Oct. 16, 1933	6.50	0.51	7.01	8.90	1.89	27.0
Overcoats—Assorted 50% Barrymore.....	4,894.00	Oct. 2, 1933	9.50	0.68	10.18	12.90	2.72	26.7
Taylor's Elysian Overcoats.....	280.00	Oct. 23, 1933	14.00	0.95	14.95	16.90	1.95	13.0
Boys' Tweed Longs and Breeches of Tweed and Blue Cheviot.....	970.69	Jan. 12, 1933	7.75	0.46	8.21	11.68	3.47	42.3
Boys' Blue Mack, Windbreakers and Breeches.....	424.00	Oct. 28, 1933	2.00	0.12	2.12	2.95	0.83	39.1
Men's Blue Serge Pants, No. 1050.....	200.00	Oct. 28, 1933	2.00	0.14	2.14	2.95	0.81	37.8

Men's Blue Drill Overalls, 2 Front and 1 Hip Patch Pockets.....	337.50	Aug. 8, 1933	0.56	0.04	0.60	0.89	0.29	48.3
Red and Black Overalls, R-380.....	200.00	Mar. 29, 1933	0.67	0.04	0.71	1.00	0.29	40.8
Men's Riveted Pants—2 Front Sivay Pockets, 1 Hip—Back Strap.....	159.50	Aug. 4, 1933	0.60	0.04	0.64	0.89	0.25	39.1
Black Overalls, 815.....	206.25	Mar. 29, 1933	0.69	0.04	0.73	1.00	0.27	37.0
Black Tecony Overalls.....	530.00	Mar. 17, 1933	1.02	0.06	1.08	1.48	0.40	37.0
Blue Tecony Overalls.....	385.50	Mar. 17, 1933	1.10	0.07	1.17	1.48	0.31	26.5
Men's Overalls, Bib, Elastic Suspenders, 4 pockets and rule pocket.....	675.00	Feb. 20, 1934	0.75	0.05	0.80	1.00	0.20	25.0
Blue Apron Carhartts.....	1,559.63	July 31, 1933	1.34	0.08	1.42	1.79	0.37	26.1

PURCHASES FROM T. EATON CO. LIMITED FACTORIES

Khaki Combinations.....	345.40	April 6, 1933	1.69	0.12	1.81	2.50	0.69	38.1
Khaki Combinations No. 7000.....		Nov. 16, 1933	1.81	0.13	1.94	2.50	0.56	28.8
Black Overalls No. 7001.....	3,106.25	Feb. 5, 1934	1.29	0.09	1.38	1.65	0.27	19.5

GENERAL NOTE.—For the year ended 11th January, 1934 the gross profit of this department as a whole, after write-downs, shortages, etc., was 28.7% on cost.

THE T. EATON CO. LIMITED

ADVERTISED SELLING PRICE OF TURKEYS, 4TH AUGUST TO 23RD DECEMBER, 1933

Date	Fresh Ontario Turkeys			Other Turkeys	
	"Fresh Ontario Turkeys"	"Fresh Young Turkeys"	"Choice Young Turkeys"	"Choice Young Fresh Frozen Turkeys"	Carry & Save "Choice Young Turkeys"
	per lb.	per lb.	per lb.		per lb.
Aug. 4			22c.		20c.
" 11			25c.		
" 12			23c.		22c.
" 25			23c.		
" 26			23c.		
Sept. 1			26½c.		
" 2			25c.		
" 9			25c.		
" 15			25c.		
" 16			25c.		
" 23			25c.		
" 29			25c.		
" 30			25c.		
Oct. 5			30c.		24c.
" 6		35c.	28c.		22c.
" 7		35c.	27c.		20c.-25c.
" 13			25c.		
" 14			25c.		19c.
" 21			25c.		19c.-24c.
" 25					19c.
" 27			23c.		19c.
" 28			23c.		20c.
Nov. 3			21c.		
" 4			21c.		19c.
" 10			21c.		
" 17			20c.		
" 18			20c.		
" 23	25c.				
" 24	25c.				
" 25	25c.				
Dec. 1				8¼- 9 lb. \$1.69	6¼- 7 lb. \$1.00
" 2				9¼-10 lb. \$1.89	7¼- 8 lb. \$1.24
				10¼-11 lb. \$2.09	8¼- 9 lb. \$1.39
				11-14 lb. 21c. per lb.	9¼-10 lb. \$1.55
" 8				18c. per lb.	10-14 lb. 17c. per lb.
" 9				18c. "	8-14 lb. 15c. "
" 13			19c.		16c.
" 14			19c.		17c.
" 15			19c.		16c.
" 16			19c.		17c.
" 16			19c.-22c.		17c.-20c.
" 18	27c.		19c.-22c.		17c.-20c.
" 19	27c.		19c.-22c.		17c.-20c.
" 20	27c.		19c.-22c.		17c.-20c.
" 21	27c.		20c.-23c.		6- 9 lb. 15c. per lb.
" 22	27c.		19c.-22c.		7-14 lb. 17c. to 19c. "
" 23	27c.		19c.-22c.		6- 6½ lb. \$1.00
					7-14 lb. 17c. to 19c. "
					17c.-20c.
					17c.-19c.
					300 Turkeys 15c. per lb.

THE T. EATON CO. LIMITED

WALLPAPER DEPARTMENT—HN-40—EXAMPLES OF PRICE SPREADS

PRICE SPREADS AND MASS BUYING

3215

Description of Goods	Total amount ordered	Examples of Shipments						Initial Mark-up	
		Date of Invoice	Unit Invoice Cost	Sales Tax, Freight	Unit laid down	Initial Selling Price	Amount	Per cent of laid down Cost	
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%	
Wallpaper, various patterns, 296C, 296D, etc.	16,188.00	Jan. 30, 1933	0.129	0.007	0.136	0.35	0.214	157.4	
Borders, various patterns, 4254-57, 4254-46, etc.		Jan. 30, 1933	1.053	0.063	1.116	2.80	1.684	150.9	
Borders, various patterns, 3213A, 3213FA, 3213FX, 3213FY		Jan. 30, 1933	0.40	0.024	0.424	1.05	0.626	147.7	
Wallpaper, ceiling, various patterns, B1025FD, B1025FL, etc.		Jan. 30, 1933	0.214	0.013	0.227	0.55	0.323	142.0	
Wallpaper, various patterns, B117FC, 281F, 338FA, etc.	20,720.00	Jan. 15, 1934	0.089	0.005	0.094	0.22	0.126	134.0	
Wallpaper, various patterns, 2091H, 215EC, etc.		Jan. 30, 1933	0.144	0.009	0.153	0.35	0.197	128.8	
Wallpaper, various patterns, 2093C, 340FA, etc.		Jan. 15, 1934	0.106	0.006	0.112	0.25	0.138	123.2	
Wallpaper, 452, 453	3,759.00	Sept. 25, 1933	0.118	0.013	0.131	0.29	0.16	122.1	
Wallpaper, various patterns, 255GF, 255GK, etc.		Jan. 30, 1933	0.129	0.007	0.136	0.30	0.164	120.6	
Wallpaper, various patterns, 215C, 215A, etc.		Jan. 30, 1933	0.109	0.006	0.115	0.25	0.134	116.5	
Wallpaper, various patterns, 1566J, 1566L, etc.		Sept. 25, 1933	0.076	0.008	0.084	0.18	0.096	114.3	
Borders, various patterns, 3272K, 3272FC, etc.		Jan. 30, 1933	0.633	0.039	0.692	1.47	0.778	112.6	
Wallpaper, various patterns, 364X, 326B, etc.		Jan. 30, 1933	0.083	0.005	0.088	0.18	0.092	105.5	
Borders, various patterns, 3214C, 3214C, etc.		Jan. 30, 1933	0.592	0.036	0.628	1.26	0.632	100.7	
Wallpaper, 449, 450		Sept. 25, 1933	0.089	0.007	0.076	0.15	0.074	97.2	
Wallpaper, 4728C, 846C		Jan. 15, 1934	0.06	0.004	0.064	0.125	0.061	95.3	
Wallpaper, various patterns, 232M, 232Y, etc.		Jan. 30, 1933	0.061	0.004	0.065	0.125	0.06	93.5	
Wallpaper, various patterns, 219K, 223FC, etc.		Jan. 30, 1933	0.074	0.004	0.078	0.15	0.072	91.3	
Wallpaper, 783	13,298.00	Mar. 31, 1934	0.091	0.006	0.097	0.18	0.083	85.8	
Wallpaper, 7759, 7760		Sept. 25, 1933	0.052	0.006	0.058	0.10	0.042	84.0	
Wallpaper, various patterns, 279F, 279X, etc.		Jan. 30, 1933	0.129	0.007	0.136	0.25	0.114	83.9	
Wallpapers, various patterns, 277FA, 827FA, etc.		Jan. 30, 1933	0.06	0.004	0.064	0.10	0.036	57.2	
Wallpaper, 243FC, 243FK	3,461.00	Nov. 23, 1933	0.061	0.003	0.064	0.10	0.036	56.3	
Wallpapers, 463, 464, 465, 466		Jan. 4, 1934	0.056	0.003	0.059	0.09	0.031	52.3	
Wallpapers, 462		Jan. 4, 1934	0.056	0.003	0.059	0.08	0.021	*35.4	
Borders, various	4,479.00	Jan. 6, 1934	0.349	0.021	0.370	1.12	0.750	202.5	

*This wallpaper although of a low price took a high priced border.

GENERAL NOTE.—For the year ended January 11, 1934, the gross profit of this department as a whole after write-downs, shortages, etc., was 80.87% on cost.

STATEMENT No. AA-47

THE T. EATON DRUG CO. LIMITED
TORONTO STORE DRUG DEPARTMENT D-10—DRUGS

Description of Goods	Date of Invoice	Quantity Received	Free Goods Included	Percentage Discount given		Unit Laid Down Cost	Indicated Selling Price	Initial Mark-up	
				Trade	Cash			Amount	Percentage Laid down Cost
				%	%	\$ cts.	\$ cts.	\$ cts.	%
Mercurochrome.....	July 12, 1933	12 doz.	.....	20 plus 5	2	0.10-5	0.25	0.14-5	138-1
Acetophen—189/ 12's.....	Dec. 16, 1933	15 doz.	3 doz.	2	2	0.09-1	0.20	0.10-9	119-8
189/100's.....	Dec. 16, 1933	60/100's	10/100's	2	2	0.51	1.00	0.49	96-1
Bisodal—2 oz.....	Oct. 31, 1933	14 doz.	6 doz.	15	5	.....	0.65	.....	86-0
5 oz.....	Oct. 31, 1933	8 doz.	of 2 oz.	.....	.....	.....	1.25	.....	.....
Ex Lax Chocolate—Small.....	Sept. 29, 1933	26 doz.	.....	15	2	0.08-3	0.15	0.06-7	80-7
Medium.....	Sept. 29, 1933	30 doz.	.....	.....	.....	0.20-9	0.35	0.14-1	67-5
Aspirin—12's.....	Aug. 1, 1933	210 doz.	30 doz.	20	.....	0.12-2	0.22	0.09-8	80-3
Kleenex Strong—Small.....	Dec. 21, 1933	9 doz.	.....	33 1/3 plus 15	2	0.27-8	0.50	0.22-2	79-9
Medium.....	Dec. 21, 1933	2 1/2 doz.	.....	33 1/3 plus 15	2	0.55-6	1.00	0.44-4	79-9
Creolin— 8 oz.....	Nov. 29, 1933	3 doz.	.....	33 1/3 plus 15	.....	0.14-2	0.25	0.10-8	76-4
12 oz.....	Nov. 29, 1933	4 doz.	.....	33 1/3 plus 15	.....	0.19-8	0.35	0.15-2	76-4
Feen-A-Mint—20cts. size.....	Nov. 7, 1933	12 doz.	.....	16 2/3	2	0.11-4	0.20	0.08-6	75-0
35cts. size.....	Nov. 7, 1933	8 doz.	.....	16 2/3	2	0.20	0.35	0.15	75-0
Mobovinine— 8 oz.....	Dec. 4, 1933	1 doz.	.....	16 2/3	2	0.86	1.50	0.64	74-4
12 oz.....	Dec. 4, 1933	3 doz.	.....	16 2/3	2	1.29	2.25	0.96	74-4
Agarol—Small.....	Sept. 20, 1933	3 doz.	.....	15	2	0.44-2	0.73	0.28-8	65-2
Large.....	Sept. 20, 1933	12 doz.	.....	15	2	0.88-3	1.39	0.50-7	57-4
Radio Malt—1 lb. Small.....	Dec. 5, 1933	3 1/2 doz.	1 1/2 doz.	10	.....	0.49	0.85	0.36	73-5
2 lb. Large.....	Dec. 5, 1933	2 1/2 doz.	1 1/2 doz.	10	.....	0.84	1.50	0.66	78-6
Kasagra— 2 oz.....	Oct. 23, 1933	2 doz.	.....	12	2	0.15-3	0.25	0.09-7	64-4
4 oz.....	Oct. 23, 1933	2 doz.	.....	12	2	0.34-4	0.50	0.19-6	64-4
16 oz.....	Oct. 23, 1933	2 doz.	.....	12	2	1.14	1.65	0.51	44-7
Zonite— 2 1/2 oz.....	Sept. 25, 1933	12 doz.	.....	16 2/3	2	0.16-8	0.27	0.10-2	60-7
6 oz.....	Sept. 25, 1933	9 doz.	.....	16 2/3	2	0.35-5	0.47	0.13-5	40-3
14 oz.....	Sept. 25, 1933	12 doz.	.....	16 2/3	2	0.55-7	0.89	0.33-3	59-8
Vioosterol—5 cc.....	Sept. 30, 1933	2 doz.	.....	.....	2	0.40-9	0.65	0.24-1	58-9
Ozonal—Tubes.....	Oct. 31, 1933	4 doz.	.....	15	.....	0.22-5	0.35	0.12-5	55-6
lbs.....	Oct. 31, 1933	8 lbs.	.....	15	.....	0.90	1.15	0.25	27-8
Calcium A—100's.....	Sept. 12, 1933	50-100's	.....	20	2	1.452	2.25	0.79-8	55-0
Cod Liver Oil— 3 oz.....	Sept. 30, 1933	2 doz.	.....	.....	2	0.35-5	0.55	0.19-5	54-9
16 oz.....	Sept. 30, 1933	1 doz.	.....	.....	2	1.184	1.70	0.51-6	43-6
Urasal—Small.....	Sept. 12, 1933	8 doz.	.....	.....	.....	0.57	0.85	0.28	49-1
Large.....	Sept. 12, 1933	4 doz.	.....	.....	.....	1.14	1.65	0.51	44-7

Empirin—25's.....	Oct. 16, 1933	2 doz.	.....	20	.....	0.18.5	0.27	0.08.5	45.9
100's.....	Oct. 16, 1933	4 doz.	.....	20	.....	0.55.5	0.82	0.26.5	47.7
Malt C.R.O.—Large.....	Dec. 26, 1933	72 only	.....	20 plus 5	.....	1.04	1.50	0.46	44.2
Cod Liver Oil Cap. 10 min.....	Dec. 14, 1933	10/100's	.....	20	.....	1.06	1.50	0.44	41.5
Brewers' Yeast Tablets.....	Sept. 30, 1933	3 doz.	.....	.....	.....	0.73.5	1.00	0.26.5	36.1
Caroid and Bile—50's.....	Oct. 31, 1933	3 doz.	.....	15	.....	0.45	0.60	0.15	33.3
100's.....	Oct. 31, 1933	6 doz.	.....	15	.....	0.75	0.99	0.24	32.0
Lysol—Small.....	Dec. 21, 1933	24 doz.	.....	15	.....	0.22.2	0.27	0.04.8	21.6
Large.....	Dec. 21, 1933	6 doz.	.....	15	.....	0.44.1	0.57	0.12.9	29.3

THE T. EATON DRUG CO. LIMITED
TORONTO STORE DRUG DEPARTMENT D-10—PATENT MEDICINES

Description of Goods	Date of Invoice	Quantity Received	Free Goods Included	Percentage Discount Given		Unit Cost Laid Down	Indicated Selling Price	Initial Mark-up	
				Trade	Cash			Amount	Percentage on Cost
				%	%	\$ cts.	\$ cts.	\$ cts.	%
Khovrah Salts—Small.	Dec. 20, 1933	3 doz.	.....	15	2	0.12-4	0.20	0.07-6	61.3
Large.	Dec. 20, 1933	3 doz.	.....	15	2	0.32-2	0.50	0.17-8	55.3
Grove's Laxative Bromo Quinine.	Oct. 19, 1933	289 doz.	40 doz.	15	2	0.15-5	0.24	0.08-5	54.8
Dolly Cream.	Dec. 20, 1933	12 doz.	.....	15	2	0.06-6	0.10	0.03-4	51.5
Peps.	Dec. 4, 1933	6 doz.	.....	10	2	0.16-6	0.25	0.08-4	50.6
Vick's Vapo Rub.	Dec. 19, 1933	12 doz.	.....	.....	2	0.29-6	0.44	0.14-4	48.6
Ovaltine—Small.	Dec. 9, 1933	3 doz.	$\frac{1}{2}$ doz.	15	2	0.30-3	0.45	0.14-7	48.5
Large.	Dec. 9, 1933	3 doz.	$\frac{1}{2}$ doz.	15	2	0.45-3	0.67	0.21-7	47.9
Pospherine Liquid—Small.	Dec. 9, 1933	12 doz.	1 doz.	15	2	0.73-5	1.09	0.35-5	48.3
Medium.	Nov. 29, 1933	3 doz.	.....	16 $\frac{3}{4}$	2	0.29-8	0.44	0.14-2	47.7
Large.	Nov. 29, 1933	4 doz.	.....	16 $\frac{3}{4}$	2	0.70-7	0.99	0.28-3	40.0
Absorbine Jr.—Small.	Dec. 13, 1933	3 doz.	.....	15	2	1.133	1.44	0.30-7	27.1
Large.	Dec. 13, 1933	18 doz.	.....	15	2	0.78	1.15	0.37-0	47.4
Merca—Small.	Nov. 11, 1933	6 doz.	.....	15	2	1.56	2.0	0.64-0	41.0
Medium.	Nov. 11, 1933	44 $\frac{1}{2}$ doz.	8 $\frac{1}{2}$ doz.	17 $\frac{1}{2}$	2	0.13	0.19	0.06-0	46.1
Wincarnis.	Oct. 1, 1933	12 doz.	.....	17 $\frac{1}{2}$	2	0.32	0.39	0.07-0	21.9
Abbey Salt—Small.	Oct. 10, 1933	132 doz.	12 doz.	18	1	0.82-7	1.19	0.36-3	43.9
Large.	Oct. 10, 1933	6 doz.	.....	15	2	0.20-5	0.29	0.08-5	41.5
Sloan's Liniment—Small.	Oct. 10, 1933	4 doz.	.....	15	2	0.34	0.49	0.15-0	44.1
Handy.	Jan. 2, 1934	6 doz.	.....	15	2	0.57	0.79	0.22-0	38.6
Etho's Salts—Household.	Aug. 3, 1933	24 doz.	.....	18	1	0.20-6	0.29	0.08-4	40.8
Moody's Chloride Line.	Aug. 2, 1933	96 doz.	8 doz.	18	1	0.39-7	0.54	0.14-3	36.0
.....	.....	27 cases	2 cases	.....	1	0.66-4	0.89	0.22-6	34.0
.....	.....	(25 to a case)	.....	.....	.....	0.09-2	0.12-5	0.03-3	35.9
Bonkora.	Jan. 8, 1934	12 doz.	.....	15	2	0.73-5	0.98	0.24-5	33.3
Chase's Ointment—Small.	Dec. 5, 1933	12 doz.	.....	10 5	2	0.36-9	0.49	0.12-1	32.8
Chase's Nerve Food.	Dec. 5, 1933	36 doz.	.....	10-5	2	0.36-9	0.49	0.12-1	32.8
Horlick's Malted Milk—Small.	Dec. 13, 1933	4 doz.	.....	.....	.....	0.35-8	0.47	0.11-2	32.8
Medium.	Dec. 13, 1933	2 doz.	.....	.....	.....	0.71-6	0.89	0.17-4	24.3
Large.	Dec. 13, 1933	1 doz.	.....	.....	.....	2.86	3.25	0.39-0	13.6
Sal Hepatica—Small.	Jan. 2, 1934	4 doz.	.....	15	2	0.20-6	0.27	0.06-4	31.1
Medium.	Jan. 2, 1934	24 doz.	.....	15	2	0.41-2	0.54	0.12-8	31.1
Large.	Jan. 2, 1934	24 doz.	.....	15	2	0.82-5	0.94	0.11-5	13.9

Pepsodent Antiseptic—3 oz. 7 oz.	Dec. 29, 1933	12 doz.	.....	15	5	0.19.1	0.25	0.5.9	30.9
Chase's Kidney and Liver Pills	Dec. 29, 1933	12 doz.	.....	15	5	0.34.4	0.49	0.14.6	42.4
Bromo Seltzer—25's. 120's	Dec. 5, 1933	12 doz.	.....	15-5	2	0.64.8	0.98	0.33.2	51.2
Vitone—16 oz. 5 lb.	Dec. 18, 1933	6 doz.	.....	15	5	0.22.3	.29	0.6.7	30.0
Listerine—3 oz. 7 oz. 14 oz.	Dec. 18, 1933	6 doz.	.....	15	5	0.17.0	0.22	0.5.0	29.4
Scott's Emulsion—Small. Large.	Oct. 20, 1933	40 doz.	.....	15	2	0.69.0	0.84	0.15.0	21.7
Mentholatum—1 oz. 3 oz.	Oct. 20, 1933	5 doz.	.....	15	2	0.42.7	0.54	0.11.3	26.5
Ironized Yeast— Phillips Magnesia	Jan. 2, 1934	12 doz.	.....	15	2	1.986	2.65	0.66.4	33.4
Dodd's Kidney Pills	Jan. 2, 1934	6 doz.	.....	.....	1	0.19.8	0.25	0.5.2	26.3
Zam-Buk Ointment	Jan. 2, 1934	12 doz.	.....	.....	1	0.37.6	0.49	0.11.4	30.3
Castoria—Regular Family	Sept. 19, 1933	12 doz.	.....	.....	1	0.71.0	0.89	0.18.0	25.4
Pinkham's Compound—Liquid Tablets	Sept. 19, 1933	132 doz.	1 doz. 11 doz.	18	1	0.31.0	0.39	0.8.0	25.8
	Nov. 23, 1933	18 doz.	.....	18	3	0.62.0	83	0.21.0	33.9
	Nov. 23, 1933	12 doz.	.....	15	3	0.17.5	0.22	0.4.5	25.7
	Oct. 28, 1933	60 doz.	.....	15	3	0.35.0	0.44	0.9.0	25.7
	Sept. 23, 1933	60 doz.	.....	15	2	0.72.2	0.89	0.16.8	23.3
	Dec. 13, 1933	60 doz.	.....	10-5	2	0.33.2	0.39	0.5.8	17.5
	Dec. 4, 1933	13 doz.	.....	10	2	0.29.6	0.34	0.4.4	14.9
	Dec. 7, 1933	36 doz.	1 doz.	15	2	0.30.5	0.35	0.4.5	14.8
	Sept. 20, 1933	6 doz.	.....	15	2	0.23.9	0.27	0.3.1	13.0
	Sept. 20, 1933	48 doz.	.....	15	2	0.43.6	0.59	0.15.4	35.3
	Sept. 20, 1933	72 doz.	.....	.....	.....	0.87.8	0.98	0.10.2	11.6
	Sept. 20, 1933	.....	.....	.....	.....	0.87.8	0.98	0.10.2	11.6

THE T. EATON DRUG CO., LIMITED

Toronto Factory Department F60 and Toronto Store Drug Department D10

EXAMPLES OF PRICE SPREADS ON GOODS SUPPLIED TO TORONTO STORE BY THE TORONTO FACTORY

Description of Goods	Unit of Quantity	—	Factory Cost Material and Labour	Selling Price to Store	Factory Gross Profit	Factory Gross Profit Percentage on Cost	Sales Tax and Excise Tax	Unit Laid-down Cost to Store	Indicated Selling Price	Initial Mark-up	
										Amount	Percentage on Laid-down Cost
			cts.	cts.	cts.	%	cts.	cts.	cts.	cts.	%
Medicinal Oil, Agar and Phen.....	18 oz	Regular.....	21.2	32.0	10.8	50.9	2.0	34.0	75.0	41.0	121.1
Nerve Food.....	100's	Sale.....	21.2	30.0	8.8	41.5	1.8	31.8	65.0	33.2	104.4
		Regular.....	9.5	16.5	7.0	73.7	1.0	17.5	35.0	17.5	100.0
Hypophosphites Cloudy.....	8 oz.	Sale.....	9.5	13.0	3.5	36.8	0.8	13.8	23.0	9.2	66.7
	16 oz.	Regular.....	14.55	25.0	10.45	71.8	1.5	26.5	50.0	23.5	88.7
		Regular.....	22.1	48.5	26.4	119.5	3.0	51.5	90.0	38.5	75.0
A.P.D. Regulator.....	1 lb.	Sale.....	22.1	38.0	15.9	71.9	2.3	40.3	69.0	28.7	71.2
		Family Sale.....	22.1	32.0	9.9	44.8	1.9	33.9	59.0	25.1	74.0
Bile Salt Tablets.....	100's	Regular.....	28.1	38.0	9.9	35.2	2.0	40.0	75.0	35.0	86.3
		Sale.....	28.1	34.0	5.9	21.0	2.0	36.0	59.0	23.0	63.9
Cold Capsules.....	10's	Regular.....	18.2	30.0	11.8	64.8	2.0	32.0	59.0	27.0	85.4
		Sale.....	18.2	26.0	7.8	42.9	1.6	27.6	49.0	21.4	77.5
Oil of Wintergreen Synthetic.....	4 oz.	Family Sale.....	18.2	24.0	5.8	31.9	1.4	25.4	47.5	22.1	87.0
Maltol C. L. Oil.....	20 oz.	Regular.....	8.65	13.0	4.35	50.3	0.7	13.7	25.0	11.3	81.8
		Sale.....	08.65	11.0	2.35	27.2	0.7	11.7	19.0	7.3	62.4
		Regular.....	16.0	21.0	5.0	31.3	1.2	22.2	40.0	17.8	79.8
		Regular.....	28.2	45.0	16.8	59.6	3.0	48.0	85.0	37.0	78.3
		Sale.....	28.2	40.0	11.8	41.8	2.4	42.4	69.0	26.6	62.7
Soda Mint Tablets.....	40 oz.	Regular.....	49.8	72.0	22.2	44.6	4.0	76.0	140.0	64.0	83.4
		Sale.....	49.8	65.0	15.2	30.5	4.0	69.0	115.0	46.0	66.9
	100's	Regular.....	4.8	8.0	3.2	66.7	0.5	8.5	15.0	6.5	76.5
Camphor Oil.....	200's	Regular.....	7.8	14.0	6.2	79.5	0.8	14.8	25.0	10.2	68.5
	4 oz.	Regular.....	11.5	16.5	5.0	43.5	1.0	17.5	30.0	12.5	71.4
Milk of Magnesia Tablets.....	16 oz.	Regular.....	31.4	46.0	14.6	46.5	3.0	49.0	85.0	36.0	74.4
	48's	Regular.....	10.2	14.0	3.8	37.3	1.0	15.0	25.0	10.0	68.5
Antiseptic Mouth Wash.....	4 oz.	Sale.....	10.2	13.0	2.8	27.5	0.8	13.8	19.0	5.2	37.7
		Regular.....	8.6	9.5	0.9	10.5	1.9	11.4	19.0	7.6	67.6
Extract of Sarsaparilla, Cascara, Burdock, Buchu.....	16 oz.	Regular.....	23.0	26.0	3.0	13.0	4.8	30.8	49.0	18.2	58.9
		Sale.....	35.7	51.0	15.3	42.9	3.0	54.0	90.0	36.0	66.4
		Regular.....	35.7	46.0	10.3	28.9	2.8	48.8	69.0	20.2	41.4

Fruit Saline.....	Regular.....	11.7	20.0	8.3	70.9	1.0	21.0	35.0	14.0	65.4
	Sale.....	11.7	18.0	6.3	53.9	1.0	19.0	25.0	6.0	31.0
8 oz.	Regular.....	17.35	30.0	12.65	72.9	2.0	32.0	55.0	23.0	72.8
12 oz.	Regular.....	22.65	40.0	17.35	76.6	2.5	42.5	75.0	32.5	76.8
	Sale.....	22.65	34.0	11.35	50.1	2.0	36.0	59.0	23.0	63.9
	Family Sale.....	22.65	30.0	7.35	32.5	1.8	31.8	52.0	20.2	63.5
20 oz.	Early Morning	22.65	27.0	4.35	19.2	1.6	28.6	50.0	21.4	74.8
	Regular.....	31.1	40.0	8.9	28.6	2.5	42.5	70.0	27.5	65.0
	Sale.....	31.1	34.0	2.9	9.3	2.0	36.0	58.0	22.0	61.1
100's	Family Sale.....	31.1	32.0	0.9	2.9	2.0	34.0	49.0	15.0	44.5
	Regular.....	4.3	7.2	2.9	67.4	0.4	7.6	12.5	4.9	63.1
	Sale.....	4.3	5.0	0.7	16.3	0.3	5.3	9.5	4.2	78.1
	Family Sale.....	4.3	6.0	1.7	39.5	0.4	6.4	7.5	1.1	17.2
Zinc Ointment.....	Regular.....	10.6	14.5	3.9	36.8	0.8	15.3	25.0	9.7	63.0
Boracic Ointment.....	Regular.....	11.35	14.5	3.15	27.8	1.0	15.5	25.0	9.5	63.0
A.S.A. Tablets.....	Regular.....	13.7	29.0	15.3	111.7	2.0	31.0	50.0	19.0	62.6
	Sale.....	13.7	22.0	8.3	60.6	1.3	23.3	33.0	9.7	41.6
	Family Sale.....	13.7	20.0	6.3	46.0	1.2	21.2	25.0	3.8	18.1
Olive Oil.....	Regular.....	22.6	32.0	9.4	41.6	2.0	34.0	55.0	21.0	62.2
	Sale.....	22.6	28.0	5.4	23.9	1.7	29.7	45.0	15.3	51.5
20 oz.	Regular.....	43.1	53.0	9.9	23.0	3.0	56.0	95.0	39.0	69.1
1 lb.	Regular.....	15.8	21.0	5.2	32.9	1.2	22.2	35.0	12.8	57.3
	Sale.....	15.8	20.0	4.2	26.6	1.0	21.0	29.0	8.0	37.0
	Opening Sale	15.8	18.0	2.2	13.9	1.0	19.0	25.0	6.0	31.0
20 oz.	Regular.....	23.7	30.0	6.3	26.6	2.0	32.0	50.0	18.0	57.1
	Sale.....	23.7	28.0	4.3	18.1	1.7	29.7	49.0	19.3	65.2
	Family Sale.....	23.7	29.0	5.3	22.4	1.7	30.7	45.0	14.3	46.6
6 oz.	Regular.....	19.4	30.0	10.6	54.1	2.0	32.0	50.0	18.0	57.1
	Sale.....	19.4	27.0	7.6	39.2	1.6	28.6	39.0	10.4	36.4
	Family Sale.....	19.4	24.0	4.6	23.7	1.4	25.4	37.0	11.6	45.7
	Regular.....	9.7	10.0	0.3	3.1	1.7	11.7	18.0	6.3	53.2
3 oz.	Regular.....	7.56	10.0	2.44	32.3	1.5	11.5	18.0	6.5	53.2
	Sale.....	7.56	9.5	1.94	25.7	1.5	11.0	14.5	3.5	31.8
	Family Sale.....	7.56	9.0	1.44	19.0	1.4	10.4	13.5	3.1	29.8
32 oz.	Regular.....	41.8	55.0	13.2	31.6	0.3	58.0	89.0	31.0	52.6
	Family Sale.....	41.8	50.0	8.2	19.6	0.2	52.0	69.0	17.0	32.7
40's	Regular.....	8.2	15.5	7.3	89.0	0.1	16.5	25.0	8.5	52.3
	Sale.....	8.2	14.0	5.8	70.7	0.08	14.8	19.0	4.2	28.4
	Family Sale.....	8.2	12.0	3.8	46.3	0.07	12.7	17.5	4.8	37.8
Compound Emulsion with C.L. Oil and Rum and Honey.....	Regular.....	25.0	31.0	6.0	24.0	0.2	33.0	50.0	17.0	52.3
	Regular.....	43.5	56.0	12.5	28.7	3.3	59.3	85.0	25.7	43.3
	Sale.....	43.5	53.0	9.5	21.8	3.2	56.2	69.0	12.8	22.7
	Family Sale.....	43.5	50.0	6.5	15.1	3.0	53.0	68.0	15.0	28.3
18 oz.	Regular.....	11.0	22.0	11.0	100.0	1.3	23.3	35.0	11.7	50.0
	Sale.....	11.0	17.0	6.0	54.5	1.0	18.0	29.0	11.0	61.1
	Family Sale.....	11.0	15.0	4.0	36.4	1.0	16.0	27.0	11.0	69.6
36 oz.	Regular.....	19.5	36.0	16.5	84.6	2.0	33.0	60.0	22.0	57.2

THE T. EATON DRUG CO., LIMITED

Toronto Factory Department F60 and Toronto Store Drug Department D10

EXAMPLES OF PRICE SPREADS ON GOODS SUPPLIED TO TORONTO STORE BY THE TORONTO FACTORY

Description of Goods	Unit of Quantity	—	Factory Cost Material and Labour	Selling Price to Store	Factory Gross Profit	Factory Gross Profit Percentage on Cost	Sales Tax and Excise Tax	Unit Laid-down Cost to Store	Indicated Selling Price	Initial Mark-up	
			cts.	cts.	cts.	%	cts.	cts.	cts.	Amount	Percentage on Laid-down Cost
Medicinal Petroleum Oil.....	40 oz.	Regular.....	36.2	60.0	23.8	65.7	3.5	63.5	95.0	31.5	49.4
		Family Sale.....	36.2	50.0	13.8	38.1	3.0	53.0	69.0	16.0	30.2
Tincture of Iodine.....	1 oz.	Regular.....	5.5	47.0	10.8	29.8	2.8	49.8	65.0	15.2	30.5
	2 oz.	Regular.....	7.6	13.0	5.4	72.7	0.5	10.0	15.0	5.0	48.8
	4 oz.	Regular.....	12.0	20.0	8.0	66.7	1.0	14.0	25.0	11.0	77.5
	8 oz.	Regular.....	23.3	35.5	12.2	52.4	2.0	21.0	45.0	24.0	112.6
	36's	Regular.....	20.55	32.0	11.45	55.7	2.0	37.5	70.0	32.5	85.8
		Family Sale.....	20.55	28.0	7.45	36.3	1.6	34.0	50.0	16.0	47.4
Dry Yeast Capsules.....	100's	Regular.....	52.2	75.0	22.88	43.7	4.5	29.6	39.0	9.4	31.8
		Sale.....	52.2	72.0	19.8	37.9	4.3	79.5	81.25	45.5	57.2
	8 oz.	Regular.....	6.3	9.0	2.7	42.9	1.5	76.3	81.09	32.7	42.9
	16 oz.	Regular.....	9.0	12.0	3.0	33.3	2.4	10.5	15.0	4.5	42.9
		Family Sale.....	9.0	11.0	2.0	22.2	2.2	14.4	25.0	10.6	73.8
Cold Drawn Castor Oil.....	3 oz.	Regular.....	7.3	10.0	2.7	37.0	0.06	13.2	19.0	5.8	43.9
	5 oz.	Regular.....	9.3	15.25	5.95	64.0	1.0	10.6	25.0	4.4	41.7
	1 lb.	Regular.....	19.1	23.5	4.4	23.0	1.5	16.2	15.0	8.8	54.6
		Family Sale.....	19.1	21.0	1.9	9.9	1.2	25.0	35.0	10.0	40.5
Cascara Tablets.....	100's	Regular.....	9.0	17.0	8.0	88.9	1.0	22.2	29.0	6.8	30.3
		Sale.....	9.0	14.0	5.0	55.6	0.8	18.0	25.0	7.0	38.9
		Family Sale.....	9.0	11.0	2.0	22.2	0.7	14.8	19.0	4.2	28.4
Oil of Eucalyptus.....	3 oz.	Regular.....	11.45	17.0	5.55	48.5	1.0	11.7	17.5	5.8	49.6
	4 oz.	Regular.....	14.2	16.0	1.8	12.7	1.0	18.0	25.0	7.0	38.9
	8 oz.	Regular.....	22.5	30.0	7.5	33.3	2.0	17.0	23.0	6.0	35.3
	13 oz.	Regular.....	33.1	42.0	8.9	26.9	2.5	32.0	45.0	13.0	39.2
		Family Sale.....	33.1	40.0	6.9	20.8	2.4	44.5	69.0	24.5	55.1
	9's	Regular.....	9.23	9.5	0.27	2.9	0.6	42.4	65.0	22.6	53.3
	12's	Regular.....	13.2	18.0	4.8	36.4	1.0	22.6	12.5	2.4	24.0
		Family Sale.....	13.2	16.0	2.8	21.2	1.0	10.1	25.0	6.0	31.0
Seidlitz Powders.....	3 oz.	Regular.....	5.0	7.5	2.5	50.0	0.5	17.0	19.0	2.0	11.8
	1 lb.	Regular.....	12.3	17.0	4.7	38.2	1.0	8.0	10.0	2.0	26.3
		Family Sale.....	12.3	15.0	2.7	22.0	0.9	18.0	25.0	7.0	38.9
		Family Sale.....	12.3	14.5	2.2	17.9	0.9	15.9	19.0	3.1	19.5
								15.4	18.0	2.6	16.9

HOUSE OF COMMONS,

WEDNESDAY, June 13, 1934.

The Special Committee appointed to inquire into price spreads and mass buying met at 11 a.m., the Hon. H. H. Stevens, presiding.

The CHAIRMAN: Order. The minutes of yesterday indicate witnesses heard and certain documents filed. We will declare the minutes approved as presented.

G. G. RICHARDSON, sworn.

By Mr. Sommerville:

Q. Mr. Richardson, you are one of the members of Clarkson, Gordon, Dilworth, Guilfoyle and Nash?—A. Yes, sir.

Q. Yesterday we were dealing with merchandising and you gave us a statement of the mark-ups in the various departments and the firms from which supplies were received, including the Toronto factory and the Saint John factory of the T. Eaton Company, and other suppliers. Now, will you be good enough to turn to the Toronto factory department, statement WC-1?—A. Statement WC-1 is not printed.

Q. What is that statement?—A. Statement WC-1 just shows the number of people employed in the different factory departments in Toronto in 1929 and 1933; there were 1,296 women piece workers, 521 men piece workers; 807 women time workers and 1,173 men time workers and a few others totalling 3,922 productive employees in the Toronto factory in 1933.

Q. What do you mean by "productive employees"?—A. Other than supervisors. I mean clerks.

Q. And these are the productive employees?—A. Yes.

Q. That is, 3,922 were employed in 1933?—A. That is, in the factory, factory work rooms and store work rooms.

Q. As against 1929?—A. There were 4,919.

Q. That is about a thousand less?—A. Yes.

Q. Then of the factory female piece workers, of the 3,922, 1,296 are now working on piece work?—A. Right.

Q. And in 1929 there were 1,671 working on piece work?—A. Yes.

Mr. NASH: That is women only.

By Mr. Sommerville:

Q. Yes women only. Then in 1929 there were 521 men working on piece work?—A. Yes.

Q. And in 1933, 550?—A. Yes.

Q. A reduction of about 400 women piece workers in the five-year period?—A. Yes.

Q. Now, statement WC-2:—

STATEMENT No. WC2

THE T. EATON CO. LIMITED

STATEMENT SHOWING THE AVERAGE PER HOUR EARNINGS OF FEMALE PIECEWORKERS IN THE TORONTO FACTORY DEPARTMENTS DETERMINED FROM THE AVERAGE OF THE EARNINGS OF EACH EMPLOYEE FOR THE SECOND WEEK IN EACH MONTH, FOR THE YEARS 1929 TO 1933 INCLUSIVE AND FOR 1934 TO THE 8TH OF MARCH

(Excluding Cutters and Non-Garment Factories F9-11-21)

Department	1929	1930	1931	1932	1933	To 8th March 1934
	cts.	cts.	cts.	cts.	cts.	cts.
F2A Corsets and Underwear.....	33.9	32.3	30.6	30.5	28.3	28.8
F2B Corsets and Underwear.....	36.2	36.7	36.3	34.6	35.0	35.8
F3 Men's and Boys' Shirts.....	35.5	35.3	33.2	31.4	30.0	31.3
F5 Women's and Misses' Dresses.....	36.1	34.6	30.2	28.4	26.9	30.2
F6 Women's and Misses' Suits, etc.....	25.5	31.0	34.6	28.8	25.5	27.3
F7 Men's Clothing.....	41.9	42.5	38.3	34.1	32.0	32.0
F8 Waists and Dresses.....	30.6	30.6	32.1	28.3	28.5	29.6
F10 Ties, Mufflers, Caps.....	40.6	42.4	39.7	31.5	31.3	29.8
F12 A & B Woollen Dresses.....	33.6	32.9	31.3	26.6	26.0	29.2
F12 R Woollen Dresses.....	39.9	37.9	35.2	33.5	32.5	30.7
F15 Infants' and Girls' Coats.....	31.0	31.3	32.6	32.7	28.4	30.7

The above rates are calculated on the amounts *earned* by pieceworkers, at piecework rates, and are not based on the amounts *received* by them, which included "special money" paid as bonuses in order that 80% of the pieceworkers should receive the minimum wage.

The WITNESS: Statement WC-2 shows the average hourly earnings of the women piece workers in each factory department for the years 1929, 1930, 1931, 1932, and 1933.

Q. And this covers the departments in which there are women piece workers?—A. Yes.

Q. And it shows the trend of the average hourly earnings during the last five years?—A. During the five years, the earnings of workers at piece work rates on an hourly basis.

Q. For instance, F-2A corsets and underwear 33.9 cents per hour in 1929 and 28.3 cents per hour in 1933?—A. Yes. Might I just say that that is taken from the average of the second week in each month which was taken as being representative.

By Mr. Heaps:

Q. Can you say whether that is a reduction in piece work rates?—A. No.

By the Chairman:

Q. When you say "no" what do you mean?—A. I cannot say to the extent to which it is a reduction in piece work rates or whether it is on account of changing conditions of various kinds in the factories.

By Mr. Sommerville:

Q. The actual earnings, however, are those—

The CHAIRMAN: As indicated.

The WITNESS: Exactly, sir.

By Mr. Kennedy (Winnipeg):

Q. What changing conditions would you refer to in the factory that would account for a lowering of wages?—A. If there was less work, a shorter run of work and similar conditions of that kind it would affect the earnings.

Q. Have you any reason to believe there are?—A. The officials state that the runs of work are shorter on the average than they used to be and we know that the factory production is smaller.

The CHAIRMAN: The answer to your question I think will come clearly in subsequent tables. The question is speculative for the moment but the facts will be disclosed in subsequent tables.

Mr. SOMMERVILLE: This is just a consolidation of a comparative statement and it is broken down in detail for various departments, and will give you in great detail the information that you are desiring.

By Mr. Young:

Q. This is the earnings per hour regardless of how many hours they work?—A. Yes.

Q. If they only work an hour a day?—A. This is the average of all workers in each department.

Q. Per hour?—A. The average earnings at piece work rates.

By Mr. Sommerville:

Q. This factory runs for how many hours per week?—A. $43\frac{3}{4}$.

Q. And the minimum wage?—A. For fully experienced workers \$12.50 per week, $28\frac{1}{2}$ cents per hour.

Q. So that in order to earn the minimum wage a worker would have to earn $28\frac{1}{2}$ cents per hour?—A. Yes.

By Mr. Ilsley:

Q. If experienced?—A. $28\frac{1}{2}$ cents per hour if fully experienced.

By Mr. Sommerville:

Q. That means after six months or a year?—A. It varies.

By Mr. Kennedy (Peace River):

Q. Does this note at the bottom mean that 80 per cent of the workers did actually receive the minimum wage per week?—A. Yes, 80 per cent actually received the minimum wage.

Q. That is, the full minimum wage for the week?—A. For the proportionate number of hours they worked. The note is intended to convey that that is the amount which their piece work earnings amounted to.

By Mr. Sommerville:

Q. Apart from any bonus or special money given to make up the 80 per cent?—A. Yes.

Q. Let us just at the outset get this clear on the record. The Minimum Wage Law requires that for experienced piece workers they be paid \$12.50 per week?—A. At that rate.

Q. And that in this factory is equal to $28\frac{1}{2}$ cents per hour?—A. Yes.

Q. And any person working in this factory in order to receive the minimum wage should receive $28\frac{1}{2}$ cents per hour?—A. Yes.

Q. But the Minimum Wage Law also provides that if 80 per cent of the employees are paid the minimum wage that is a compliance with the law?—A. Yes.

Q. It also provides that if the average wage over a ten week period comes up to \$12.50 that is a compliance with the law?—A. Yes.

Q. So that you have these two contingencies: First of all, only 80 per cent need to be paid, and secondly there is the latitude of the average for ten weeks?—A. Yes. Might I say at this point that the second contingency was never applied in the case of this factory.

Q. The second contingency was never applied?—A. No, they never averaged the earnings over a number of weeks.

Q. Then there is a third provision: If a person works only a few hours a week, a half a day or a day then they would be paid under the Minimum Wage Law, they would be entitled in this factory to be paid 28½ cents?—A. Yes.

Q. And whatever they may have earned there would have to be enough added to it to bring that person up to the minimum wage requirements?—A. Yes, to the extent of 80 per cent.

Q. And in reckoning the 80 per cent—just to get it before the members of the committee at this time—the employer is entitled to take any one of the employees during the week who works a half a day, a day, or six days and add to that person such amount as may be necessary to bring them up within the 80 per cent class?—A. Yes. The regulations say nothing about who the 80 per cent shall be.

By Mr. Sommerville:

Q. If a person works for six days in the week and earns, for the purposes of argument, \$8 that would require \$4.50 to bring them up to or within the class of those receiving the minimum wage?—A. Yes.

Q. And another person might work only half a day and earn a dollar and require to be paid \$1.25 to comply with the Minimum Wage Law and 25 cents added to that to bring that person into the 80 per cent class for the week?—A. Yes.

Q. And is that the practice that was followed during this period from 1932 to 1934?—A. Yes. From August, 1932, to the early part of 1934 the company brought up to the minimum wage only 80 per cent of the employees prior to that time.

Q. Up to 1932 this firm paid their employees the full \$12.50, and did not take advantage of the 20 per cent; that is, at the rate of \$12.50 per week.

Mr. FACTOR: That would be 100 per cent minimum.

The WITNESS: Yes.

Mr. KENNEDY (*Winnipeg*): Can you tell us to what extent it was necessary to bonus?

Mr. SOMMERVILLE: That is all set out in very complete detail.

By Mr. Heaps:

Q. What are the stipulated hours as far as the minimum wage board of the Province of Ontario is concerned?—A. It does not stipulate the number of hours, it depends on the number of hours the factory schedule calls for.

Mr. NASH: Might I just explain with respect to that \$12.50 minimum wage rate, that that is the minimum for experienced adults. For inexperienced adults the rate for the first six months is \$10 and the rate for the second six months is \$11. For young girls, under 18, the first six months is at \$8 the second six months is at \$9, and the third six months is at \$10; that is, they work up to the \$12.50 minimum through three stages.

By Mr. Factor:

Q. That is a regulation of the minimum wage board?—A. Yes.

By Mr. Ilsley:

Q. They did not bonus anyone prior to that date?—A. Prior to that date they bonused everybody whom it was necessary.

Mr. SOMMERVILLE: Everybody was paid an amount which was equal to the minimum wage rate.

Mr. FACTOR: I understand some of their employees received the minimum wage rate up to 1932.

By Mr. Heaps:

Q. Were they on a piece-work basis prior to that date?—A. Yes.

By Mr. Sommerville:

Q. A proportion of them were on a piece-work basis. Then, referring to statement WG-2, in the different departments you have the general trend of the earnings of these female piece-workers?—A. Yes.

Q. On men's and boys' suits it was 35·5 cents an hour in 1929 and 30 cents per hour in 1933?—A. Is not that men's and boy's shirts.

Q. Yes, shirts. Women's and misses' dresses from 36 cents per hour in 1929 to 26 cents per hour in 1933?—A. Yes.

Q. Women's and Misses' suits from 25 cents an hour—I see it is the same in 1933?—A. Yes.

Q. Men's clothing, from 41 cents per hour in 1929 to 32 cents per hour in 1933?—A. Yes.

Q. Waists and dresses from 30 cents in 1929 to 28·5 cents in 1933?—A. Yes.

Q. Ties and mufflers, 40 cents per hour in 1929 to 31 cents per hour in 1933?—A. Yes.

Q. And A and B woollens, from 39 cents per hour in 1929 to 32 cents per hour in 1933?—A. Yes, that is the R section.

Q. From 33·6 in 1929 to 26 cents per hour in 1933?—A. Yes.

Q. And infants' and girls' coats from 31 cents per hour to 28 cents per hour?—A. Yes.

Mr. FACTOR: Have you anywhere a statement showing the actual earnings?

Mr. SOMMERVILLE: Yes, we have, in all of these departments.

By Mr. Sommerville:

Q. Then you have statement WC-5:—

STATEMENT No. WC-5

THE T. EATON CO. LIMITED

(Toronto Factory Departments)

STATEMENT SHOWING AVERAGE NUMBER OF WOMEN PIECEWORKERS EMPLOYED IN 1933, THE PERCENTAGE FAILING TO EARN THE MINIMUM RATE OF WAGE AND THE AVERAGE AMOUNT OF DEFICIENCY, ETC.

Department	Average weekly number on Payroll	Percent- age not earning minimum wage	Average deficiency per employee		
			Average of all employees	Average of employees who were bonused	Average of employees not bonused
		%	\$ cts.	\$ cts.	\$ cts.
F 2 Corsets and Underwear.....	199	35·0	2 20	0 90	3 22
F 3 Men's and Boys' Shirts.....	118	39·5	1 58	0 69	2 45
F 5 Women's and Misses' Dresses.....	105	62·1	1 56	0 95	2 85
F 6 Women's and Misses' Suits.....	78	72·1	1 93	1 32	3 52
F 7 Men's Clothing.....	176	33·6	1 44	0 55	2 05
F 8 Waists and Dresses.....	204	38·8	2 13	1 26	2 95
F 9 Furs.....	8	19·2	1 99	1 22	2 30
F10 Ties, Mufflers, Caps.....	31	39·6	1 06	0 57	1 55
F11 Suitcases, Etc.....	8	53·5	1 81	1 33	2 59
F12 Woollen Dresses.....	99	58·9	2 18	1 37	3 76
F15 Infants' and Girls' Coats.....	114	66·9	1 63	1 05	3 01
F21 Thread Manufacturing.....	15	3·9	0 50	.....	0 50
Total.....	1,155	45·8	1 82	1 04	2 86

A. In your own record you have statement WC-3 (not printed) which breaks down statement WC-2 according to the different classes such as operators, cutters, finishers, etc., in some of the departments; in which is the indication that some classes are higher paid.

By Mr. Ilsley:

Q. I notice that the 1934 rates up to the 8th March, 1934, are in nearly every instance higher; what would that indicate; would it indicate that the average for the winter months would be higher than later on?—A. In some of the departments there would be a seasonal increase due to bigger runs of work for the spring season; in other instances it was due to increases in wages.

By Mr. Sommerville:

Q. Generally there have been increases in wages?—A. In some of the departments.

By Mr. Factor:

Q. If there were a bigger run of work it would not affect the hourly rate?—A. It enables the operator to earn more.

By Mr. Ilsley:

Q. The rate would be the same?—A. They are not on an hourly rate, this is piece work.

Mr. NASH: There are piles of work in front of the girls, the result is that they work faster, thereby earning more.

By Mr. Ilsley:

Q. What I had in mind was, did it indicate that this company, prior to March 8, 1934, began voluntarily to increase its wages?—A. In some instances, yes.

By Mr. Sommerville:

Q. I don't think there is any doubt about that, is there?—A. No sir, I might also point out that you cannot make a comparison between this and the kind of dresses being made a month ago because of the difference in cut and the amount of work involved.

Q. At any rate the result of the adjustment in piece-work rates was that the earnings were higher?—A. The earnings were higher.

By Mr. Kennedy (Winnipeg):

Q. And that change in earnings became apparent when?—A. We will come to that a little later, Mr. Kennedy; we will show the company's changes of policy as they occurred.

Q. Could you tell me approximately?—A. There was one change made in January and another in February; I should say possibly that two changes were made in the month of February.

Q. Of this year?—A. Yes.

Q. Resulting in an increase in wages?—A. Yes.

By Mr. Sommerville:

Q. Then the average on statement WC-2, before we leave that, the average pay-roll in 1929 was 35 cents per hour, and in 1933 it was 29·5 cents per hour?—A. I do not follow you on that.

Q. The average earnings of the whole list, of all of these departments—?

Mr. YOUNG: How do you get that average?

The WITNESS: The average is not here, sir.

By Mr. Sommerville:

Q. It has just been added here?—A. That, of course, would not give you the weighted average.

By Mr. Factor:

Q. What about this item here with reference to cutters?—A. Cutters are generally higher paid, it is more a skilled operation than the others, and this was to group those who are more or less at one level.

By Mr. Sommerville:

Q. Yes. Now, looking at statement WC-3, which is not printed, but which breaks down statement WC-2, you indicate that the different classes of employees, for instance cutters?—A. Yes, cutters—in department F-2.

Q. Well, take operators first; operators were getting 31.4 cents per hour in 1929?—A. In department F-2A.

Q. And they were getting 29.5 cents in 1933?—A. Yes.

Q. And that is raised to 33.4 cents in 1934?—A. Yes.

Q. Then the operators on Women's and Misses' dresses, F-5 were getting?—A. 36.6 cents in 1929 and 27.3 cents in 1933, now getting 30.9 cents. I think this is only of interest as indicating a variation in the rates of pay to different classes of employees in one department, it is not complete for the factory.

Q. It is for the purpose of indicating that there were some employees paid on a higher rate than others, and by reason of the fact that they are paid at a higher rate they could more readily earn the minimum wage?—A. Yes.

Q. And that brings up the average for the whole department?—A. Yes.

Q. And if you had those who earned the lower rate grouped into individual groups, you would have a picture of their earnings in comparison with the earnings of the higher paid classes of employees?—A. Yes.

Q. I see cutters getting 48.6 cents in 1934 as against 42.4 cents in 1933?—A. In department F-2.

Mr. FACTOR: Is that male or female?

Mr. SOMMERVILLE: Corsets and underwear, that would be female

By Mr. Sommerville:

Q. Then I see finishers, in F-5 who got 31 cents per hour in 1929 were reduced to 26 cents per hour in 1933, and raised to 29 cents per hour in 1934?—A. Yes.

Q. And the same finishers in F-12 were getting 36 cents in 1929?—A. 28 cents in 1933, and 31.7 cents in 1934.

By the Chairman:

Q. Is not that "pressers" in F-5 wrong, I am sure that must be a misprint, 64 cents in 1929?—A. That was the average for the period which we took, the four weeks prior to Easter in that year.

By Mr. Sommerville:

Q. Pressers were getting?—A. 64.8 cents in 1929; 27.5 cents in 1933; and 37.3 cents in 1934.

Q. That is, pressers were reduced from 64 cents to 27 cents per hour?—A. Yes.

Q. In their earnings, and they are now up to 37 cents per hour in 1934?

By Mr. Factor:

Q. That seems to be a very unreasonable reduction, is there any explanation of that?

Mr. NASH: I think the explanation there is that in 1929 there was one presser in that department with a fairly high salary paid; in 1933 there were two pressers, probably doing little if any more work than the one did before.

By Mr. Sommerville:

Q. You had examiners getting 43 cents in 1929, reduced to 32 cents in 1933, and they are getting?—A. 31 cents in 1934—statement F-8.

Q. Statement F-5, taking hem-stitching; these employees got 48 cents an hour—what are the figures?—A. 48.2 cents per hour in 1929; 29.6 cents per hour in 1933 and 39 cents per hour in 1934.

Mr. FACTOR: There seems to be quite a cut in this department from 48 cents to 28 cents per hour.

By Mr. Sommerville:

Now then, taking hem-stitching on women's dresses?—A. 48.2 cents per hour in 1929; 28.8 cents per hour in 1933; and 38 cents per hour in 1934. The next statement, WC-4 was for one department, department F-5, which was one that was studied in more detail than the other. We selected the employees who had been higher in the period 1920 to 1928, and arrived at their average earnings per hour for the same period, the four weeks prior to Easter, in 1929, 1933 and 1934. That statement was not printed.

By the Chairman:

Q. You give also the weekly average earning?—A. The weekly pay envelope of these same employees for the years 1929 and 1933.

By Mr. Sommerville:

Q. Now, this covers not recent employees, these are employees who are experienced, who have been engaged from as far back as 1921?—A. From 1920 to 1928.

Q. And you indicate the date at which they were hired?—A. Exactly.

Q. Would you just give the committee the results of your study?—A. The first one is operator 402: hired on March 19, 1928, average for the four weeks in 1929 was 46 cents per hour; in 1933 it was 33 cents per hour, and in 1934 it was 26 cents per hour; the average pay envelope for the whole year in 1929 was \$19.14, and for 1933 it was \$10.80.

By Mr. Factor:

Q. Does that indicate how many hours they worked?—A. No.

Mr. SOMMERVILLE: It just shows what their pay envelope was.

By Mr. Sommerville:

Q. This covers a four week period prior to Easter?—A. The average earnings per hour for the four week period.

Q. For four weeks prior to Easter?—A. Yes, which is ordinarily the busy period.

Q. The average earnings of this operator were reduced from 46 cents per hour in 1929 to 26 cents per hour in 1934?—A. Yes. Would you like the whole thing read into the record?

Q. Yes.

Mr. FACTOR: The only difficulty, Mr. Chairman, is this: In order to get a full picture, we should know the number of hours they actually worked in 1929, which are contained in that pay envelope, and the number of hours worked in 1933.

The WITNESS: Mr. Factor, the statement WC-2 indicates the trend of the earnings on an hourly basis between the different years. This was only intended to show what certain of the older employees in this particular department earned, and to indicate what their average pay envelope was, whether for short time or for full time.

The CHAIRMAN: Furthermore, if you look at the three years, 1929, 1933 and 1934, you will find that the rate is 46 cents, 30 cents and 26 cents. It gives the trend, and the other gives the actual pay envelope earnings. While the hours are not there, it is almost complete in itself.

Mr. FACTOR: The difference between \$19.14 in 1929 and \$10.80 in 1933 might be accounted for by two things, first the reduction in the actual hourly rate, and secondly the hours they worked may have been less.

The WITNESS: Exactly.

Mr. SOMMERVILLE: It might also be due to reduction in piece work rates?

The WITNESS: That would be reflected in the hourly earnings.

Mr. YOUNG: A person seeing the table put out like this, would get the impression the wages were cut 50 per cent?

The WITNESS: It is not intended to convey this.

The CHAIRMAN: They were cut from 46 cents to 26 cents.

The WITNESS: You will find a note at the bottom which says this: "The amounts shown above under the heading 'average weekly pay for the year' are the average amounts received each week worked, including special money. They are not based on full weeks worked, but include short time as well as overtime."

By Mr. Sommerville:

Q. That explains it.

The WITNESS: It was merely intended to show what the employee was taking home in her pay envelope during the two periods.

Q. Now, will you read some of those to the members of the committee?—
A. 407, hired in 1928, 39 cents an hour in 1929, 28 cents in 1933, and 1934, average weekly pay \$16.15 in 1929, \$10.24 in 1933. 416 hired June, 1924, averaged 46 cents in 1929, 30 cents in 1933, and 1934, average pay in 1929, \$18.29, \$11.37 in 1933. 419 hired in 1928, averaged 37 cents in 1929, 28 cents in 1933, 30 cents in 1934, average paid \$17.06 in 1929, \$10.79 in 1933.

Mr. YOUNG: Would it not be better, Mr. Chairman, if there were another column added to that table showing the average number of hours worked each week?

The CHAIRMAN: I just made a calculation—

Mr. ILSLEY: You have it all there.

Mr. YOUNG: People will see this table and will not understand it correctly.

The CHAIRMAN: There is really nothing misleading, because I just figured it out. The reduction in the rate from 46 cents to 26 cents, taking the first one, is just slightly over 43 per cent. Then, if you take the actual pay envelope of \$19.14 in 1929, and \$10.80 in 1932, you will see there is a reduction there of 43 per cent. They both synchronize.

Mr. YOUNG: The rate and the pay?

The CHAIRMAN: Remember, this is a four-week period, which is the busy period for this class of work, just before Easter.

The WITNESS: It is only for one specific department, in which the average dropped from 36.1 in 1929 to 26.9 in 1933; and it is not intended to be representative of the whole factory.

Mr. HEAPS: How many people were involved in those reductions?

The WITNESS: This statement includes 19 people.

Mr. NASH: It is only a matter of arithmetic to insert the number of hours per week. The first one is $41\frac{1}{2}$ hours, and the second one, 36 hours. If you divide the cents into the total amount received, it will give you the number of hours.

Mr. SOMMERVILLE: It is easy to work out. If one takes the 46 cents, and divides it into \$19.14, it will give the number of hours, and if one divides the 26 cents into \$10.80, one would get the number of hours?

The WITNESS: Approximately, sir. One is based on the whole year, and the other is based on the four-week period. It would give an indication.

Mr. SOMMERVILLE: I think we will have before the committee tables which will give all the information with respect to the departments on the very question which is in the committee's mind.

By Mr. Kennedy (Winnipeg):

Q. Let me draw attention to two operators there, 189 and 183. 189 was hired in November, 1927, and the reduction shows that their rate dropped from 52 cents an hour in 1929, to 30 cents an hour in 1934; and operator 183, who was hired in 1922, dropped from 54 cents an hour in 1929 to 30 cents an hour in 1934. The reductions in the average weekly pays of these two operators was this: In the first instance from \$19.35 to \$11.12, and in the second, from \$23.39 to \$11.98. Can you account for sharp reductions?—A. Well, you will see in the second one you mentioned, the average earnings are down to 24 cents, which would be about 40 per cent. The pay is down half, indicating that along with the reduced hourly earnings, there would be shorter time worked during the period.

Q. The point is, is it the reduction in the hourly rate, or short time—have you particulars of that operators in detail?

Mr. SOMMERVILLE: This is the whole record of the operators for four weeks.

The WITNESS: All I can say is, it is a reduction in the average earnings of the operators for a period; it is based on the piece work rate, which will vary according to the type of work they are working on, and which are not comparable on account of the changes in style of the garments from day to day.

By Mr. Sommerville:

Q. Is it because of any drop in the piece work rates?—A. I can only answer that by saying that on one dress, the piece work rate will be, say, 10 cents for a certain operation; another dress will be entirely different and the rate will be somewhat different, and I cannot compare the rates on different dresses and say there has been a reduction in that ladies' dress. I can only tell you what is reflected in the average earnings of the employees themselves.

Q. At any rate, the piece work was such that in 1929 that employee could earn and did earn 54 cents an hour?—A. Yes.

Q. In 1934, the piece work rate was such that that employee did earn 30 cents an hour.

Mr. YOUNG: Is there any standardized garment on which the work was the same, so that you could compare the rates?

The WITNESS: Very, very few, sir.

By the Chairman:

Q. They told you the rates changed according to the styles of the goods, particularly the women's goods. Can you tell the committee, Mr. Richardson, or were you advised of the system used to fix these rates?—A. Yes.

Q. I happen to know it myself.—A. It varies in different departments. For instance, in department F-5, which is the one we are dealing with, their calculation is made up by an estimator in the department, also by the senior foreladies; their calculations are submitted for comparison with the department manager, and he finally says what the rate will be. In department F-8, they are calculated only by an estimator.

Q. Is that a department estimator?—A. Yes, an estimator in the department. It varies considerably from department to department.

By Mr. Young:

Q. Here we have men's and boys' shirts. There is no variation to styles there?—A. No, but the material may result in a different piece rate. There is a difference in standard of the workmanship they require on a broadcloth shirt, and a cheaper one, and so on.

Mr. HEAPS: Would not a worker on one class of dress be just as efficient on another class of dress?—A. No, not according to the officials.

Mr. SOMMERVILLE: Now you are getting into the realm of an expert on dresses. If you stick to your brief as before, you won't get into trouble.

The WITNESS: According to the officials, the explanation is this: people who are efficient on fine work may not be fast enough on cheaper dresses.

Mr. HEAPS: This operator, as Mr. Kennedy pointed out, has been in the employ of the company 6½ years, and her rate has dropped from 52 cents an hour to 30 cents an hour?

The WITNESS: Yes.

Mr. HEAPS: You would think she would be fairly efficient in any class of work.

The WITNESS: I cannot say.

By Mr. Sommerville:

Q. All of those would be efficient operators. I think you had better continue with your list, and give us some more?—A. Finisher, No. 629, hired in 1928, 32 cents an hour in 1929, 26 cents an hour in 1933, and 29 cents an hour in 1934, average weekly pay 1929, \$11.94, \$9.22 in 1933. No. 645, hired in 1921, averaged 33 cents an hour in 1929, 26 cents an hour in 1933, 36 cents an hour in 1934; average pay \$13.80 in 1929, \$10.09 in 1933. No. 168, operator on samples, hired 1924, averaged 44 cents an hour in 1929, 28 cents an hour in 1933, 33 cents an hour in 1934, average pay \$16.98 in 1929, \$12.67 in 1933. Now W.C.-5—

Q. W.C.-4 is really a detailed analysis of examples in W.C. 2?—A. Merely of the older workers in one specific department, in which the reductions on rates were greater than they were in some of the others.

THE T. EATON CO., LIMITED

COMPARATIVE STATEMENT OF HOURLY EARNINGS OF THOSE EMPLOYED IN DEPARTMENT F-5 IN 1934 WHO WERE HIRED IN THE PERIOD 1920 TO 1928

Em- ployees' Number	Occupation	Date Hired	Average per hour earnings 4 weeks prior to Easter			Average weekly pay for year	
			1929	1923	1934	1929	1933
			cts.	cts.	cts.	\$ cts.	\$ cts.
402.....	Operator.....	Mar. 26, 1928....	46	30	26	19 14	10 80
407.....	".....	Nov. 26, 1928....	39	28	28	16 15	10 24
416.....	".....	June 16, 1924....	46	30	30	18 29	11 37
419.....	".....	Aug. 30, 1928....	37	28	30	17 06	10 79
420.....	".....	May 16, 1927....	55	28	29	17 41	10 94
422.....	".....	Sept. 5, 1924....	29	27	28	13 80	10 90
423.....	".....	Mar. 4, 1927....	42	28	31	17 88	11 59
502.....	".....	Oct. 11, 1926....	30	23	33	14 58	9 91
504.....	".....	Mar. 4, 1927....	36	25	33	15 25	9 50
153.....	".....	May 28, 1923....	38	26	28	13 72	10 46
157.....	".....	Aug. 8, 1928....	31	29	29	13 13	11 02
189.....	".....	Nov. 16, 1927....	52	30	30	19 35	11 12
183.....	".....	Jan. 13, 1922....	54	28	30	23 39	11 98
629.....	Finisher.....	Sept. 11, 1928....	32	26	29	11 94	9 22
645.....	".....	Feb. 7, 1921....	33	26	36	13 80	10 09
655.....	".....	Jan. 21, 1924....	28	24	27	12 47	8 43
285.....	Tucking and Hem- stitching (Special Machine).....	Feb. 14, 1927....	53	33	35	22 15	9 88
292.....	".....	July 4, 1921....	36	30	40	18 74	14 12
168.....	Oper. Samples.....	Oct. 6, 1924....	44	28	33	16 98	12 67

NOTE:—The amounts shown above under the heading "Average weekly pay for year" are the average amounts received each week worked, including special money. They are not based on full weeks worked but include short time as well as overtime.

Q. WC-2 shows the average rate in 1921 to be 36.1 and reduced in 1933 to 26?—A. 26.9.

Q. In order to bring that home, you have taken a group of employees out of that department and have shown how it affected each of those employees specifically?—A. Exactly.

Q. During that period?—A. Now, WC-5 shows the average number of people on the weekly pay-roll in each department, the percentage who did not earn the minimum wage at the piece work rate, and the average deficiency of those employees below the minimum wage, the average amount of the deficiency of those people who were bonused, that is, the number necessary to bring it up to 80 per cent, and finally, the average deficiency below the minimum of those employees who were not bonused?

Q. This covers 1,155 employees?—A. Yes.

Q. In all of those departments that are named?—A. Yes.

Q. Ten departments?—A. All of the garment departments.

Q. In the Toronto factory?—A. Yes, in that year.

Q. This covers the entire year of 1933?—A. Yes.

Q. And the second column shows the percentage in each department who did not earn the minimum wage?—A. Yes.

Q. They may have been paid that by reason of a bonus, or at least 80 per cent by reason of being bonused?—A. They were yes.

Q. But this shows the percentage that did not earn the minimum wage on their rates?—A. On the piece work rate, sir.

Q. Over the whole year?—A. Yes.

Q. And for the entire year it shows that an average of 45.8 per cent of the 1,155 employees— —A. Yes.

Q. Did not earn the minimum wage on the basis of the piece work rate in force in that year?—A. Yes.

Mr. FACTOR: 1933.

Q. For instance, I observe here the corset and underwear department is 35 per cent of the employees?—A. Yes.

Q. That is one of the departments, I think you indicated, in which the operators or employees are paid a higher rate of wages?—A. Yes. The officials stated there was some scarcity of that type of help.

Mr. NASH: Just corset operators.

By Mr. Sommerville:

Q. Corset operators; they got a higher rate; therefore it is easier for them to earn the minimum?—A. Yes.

Q. Then in men's and boys' shirts, 39.5 per cent of the employees did not earn the minimum wage for the year 1933?—A. Yes.

Q. And in the women's and misses' dresses, 62.1 per cent of all the women in that department did not earn the minimum wage?—A. Yes.

Mr. HEAPS: This is according to the hours worked, is it, Mr. Sommerville?

Mr. SOMMERVILLE: Oh, yes.

Mr. HEAPS: That is a rather important distinction.

The WITNESS: All calculations of the minimum wage are measured against an hourly rate, not against a weekly rate.

By Mr. Heaps:

Q. That is, if a person worked say one half the time, say 22 hours per week, they would expect to earn \$6.25?—A. Yes.

The CHAIRMAN: Under that category.

Mr. HEAPS: They would come under this category?

The CHAIRMAN: Yes.

By Mr. Sommerville:

Q. It is the actual minimum hourly rate that you had before you?—A. Exactly.

Q. When reckoning the number that did not earn the minimum?—A. Yes.

Q. And in the women's and misses' dresses, 62.1 per cent of all the women did not earn over the minimum during the year?—A. Yes.

Q. In women's and misses' suits, 72.1 per cent of the employees did not earn the minimum?—A. Yes. Shall I read the column?

Q. Yes?—A. Department F-7, men's clothing, 176 employees, 33.6 per cent below the minimum; Department F-8, waists and dresses, 204 employees, 38.8 per cent below the minimum. The next one is furs, which is only a small department. Department F-10, ties, mufflers, caps, 31 employees, 39.6 per cent below the minimum. Suit cases is a very small department. F-12, woollen dresses, 99 employees, 58.9 per cent below the minimum. F-15, infants' and girls' coats, 114 employees, 66.9 per cent below the minimum. The average is 45.8 per cent.

Q. The next column shows the average deficiency of the employees in each of these departments?—A. The average deficiency of those who were below the minimum.

Q. The average deficiency for the time worked below the minimum to which they were entitled?—A. Yes.

By Mr. Factor:

Q. Per week?—A. Per week.

Mr. SOMMERVILLE: No, it is for the actual hours.

Mr. FACTOR: No.

The WITNESS: It is on a weekly basis.

By Mr. Sommerville:

Q. You say it is on a weekly basis?—A. Yes. F-2, \$2.20 per week; F-3, \$1.58 per week and so on. The average below the minimum, \$1.82.

Q. That is, the 45·8 per cent who were below the minimum were an average of \$1.82 per week below the minimum?—A. Yes.

By Mr. Heaps:

Q. For the hours worked?—A. \$1.82 per week, regardless of the number of hours worked, either short time or overtime.

By Mr. Factor:

Q. I can't quite understand that. Your department F-6 shows 72·1 per cent were not earning the minimum wage?—A. Yes.

Q. You say that the average deficiency was \$1.93 per week?—A. Yes.

Q. How do you get that?—A. Per employee per week.

Mr. SOMMERVILLE: For 78 employees.

Mr. NASH: Mr. Factor, the weekly hours are 43 $\frac{3}{4}$. The minimum wage for the experienced employees is 28 $\frac{1}{2}$ cents. If they worked the whole time, at 28 $\frac{1}{2}$ cents for 43 $\frac{3}{4}$ hours, it would bring it to \$12.50. If a person worked 22 hours or half of that and earns the minimum wage of 18 $\frac{1}{2}$ cents, she breaks even. If it comes to 15 cents, she loses 3 $\frac{1}{2}$ cents. That is how it is calculated. That is brought down to dollars and added up.

Mr. FACTOR: Was the rate per hour reduced during that year so that they could not earn the minimum wage?

Mr. HEAPS: This is piece work.

The WITNESS: Your trend of earnings per hour was all covered in WC-2.

Mr. FACTOR: It is because there was not enough work?

Mr. SOMMERVILLE: No.

Mr. HEAPS: There was enough work for the time they worked, for the hours they worked.

By the Chairman:

Q. This is based upon actual hours worked and rates paid, not a question of shortage of work. A person might only work two hours and only earn instead of 56 cents, 50 cents. They would be 6 cents shy of the minimum rate?—A. Mr. Stevens, I think this will answer Mr. Factor's question. In departments F-6, in 1933, and WC-2 that you had before, you will see the average of the whole department for 1933 was 25·5 cents whereas the minimum would be 28 $\frac{1}{2}$, indicating that the average of all employees was below the minimum; and, as we show in this statement we are now discussing, 62·1 per cent of the people were below and the rest were above.

Q. In other words, WC-2 synchronizes with WC-5 in that respect?—A. Yes.

Q. And also I note WC-3 gives, if you take the case of women's and misses' dresses which in WC-5, come in the high category, 62 per cent and so on, you find in WC-3 they are the branches or departments where there is the heaviest diminution, 36·6 to 27, and 31·8 to 26·4?—A. Yes.

Q. And 48·2 to 29·6?—A. Yes.

The CHAIRMAN: So that there is harmony in all of these statements?

By Mr. Heaps:

Q. The piece work system still prevails in the factory, I presume?—A. Yes.

By the Chairman:

Q. Let us get on with this?—A. The next column is the average amount that was paid to these employees who were bonused to bring them up to the minimum wage, selected by taking those employees who were closest to the minimum wage.

By Mr. Sommerville:

Q. To the minimum wage requirements?—A. In dollars and cents.

By Mr. Factor:

Q. Per week?—A. Yes.

By Mr. Sommerville:

Q. These three columns are on the same basis, per week?—A. Yes.

Q. The first is the average deficiency per employee of all the employees, \$1.82?—A. Yes.

Q. The second column shows the average amount by which they were bonused, \$1.04?—A. Yes.

Q. To bring them up?—A. Yes.

Q. And the third column shows the average of the employees below the minimum per week who were not bonused?—A. Yes, who were not bonused.

Q. And that was \$2.86 per week?—A. Yes.

By the Chairman:

Q. They were in the 20 per cent category and getting no bonus?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. Where is it indicated that it is per week in the schedule referred to?—A. It does not say per week.

Q. No; at the top it gives me the impression it is the average of the year?—A. It is the average for a whole year on a weekly basis.

By Mr. Sommerville:

Q. Before leaving that, you show under women's and misses' suits, where 72.1 per cent were not earning the minimum?—A. Yes.

Q. Where the average deficiency was \$1.93?—A. Yes.

Q. The average amount of bonus was \$1.32?—A. Yes.

Q. And the average of the employees not bonused was \$3.52?—A. Yes.

Q. I presume that was because of the very great percentage that had not earned the minimum wage?—A. Yes.

By Mr. Factor:

Q. That means that 20 per cent of the employees in that department were \$3.52 short of the minimum wage?—A. Yes.

By Mr. Sommerville:

Q. And were not bonused?—A. And were not bonused.

Q. To summarize, it means that of 1,155 employees, there was 45.8 per cent who were below the minimum?—A. Yes.

Q. And the average amount by which they were below the minimum was \$1.82?—A. Yes.

Q. Although the company paid \$1.04 to bonus those employees to bring them up to the minimum wage?—A. Yes.

Q. To bring up 80 per cent of them?—A. Yes.

Q. And that left 20 per cent who were \$2.86 below the minimum wage, on the average, for the year?—A. Exactly, sir.

By Mr. Factor:

Q. Is there any selection between those who are in the 20 per cent and those who were bonused? What basis do they go on?—A. The company selected those employees who were closest to the minimum in dollars and cents, one employee who earned \$5.20, and required \$6.25 to earn the minimum for half a week's work, if that \$1.05 was less than it would cost to pay some employees who was \$2.50 below the minimum, then that employee would be the one selected.

By Mr. Ilsley:

Q. It might very well be the ones who worked the shortest time?—A. Very frequently. We give a statement.

By Mr. Sommerville:

Q. We have further statements which will illustrate this in certain departments; and it has the effect of speeding up the average, to try and get up into the 80 per cent class, is not that the fact?—A. I can't express an opinion on that.

By the Chairman:

Q. May I put this question to you, Mr. Richardson. Under the minimum wage law, this 20 per cent margin which is allowed for those who may earn less than the minimum wage and will keep the employees within the law, was designed for the purpose of taking care—I think this is in the act. I have just sent for it. I have not it in my hand—of slow, older persons or persons that might not be physically right up to par?—A. The regulations do not say what it was designed to cover, but when Mr. Stapells appeared before your committee, his evidence said it did cover inefficient workers, malingerers and so on.

Mr. NASH: Page 37 of Mr. Stapells' evidence.

By the Chairman:

Q. On that theory, there ought not to be any appreciable number of persons below the minimum rate?—A. I, of course, don't know what the board had in mind. In issuing their order originally, they said 80 per cent must receive the minimum wage. They issued an amended order this year which said 80 per cent must earn the minimum wage.

Q. Just give me this information—I think you have it, because I can see you have gone into this pretty thoroughly: If the evidence of Mr. Stapells is correct, which I have no doubt it is, that it did take care of those who were slow, physically perhaps not 100 per cent fit, malingerers and so on, they would not likely vary much from month to month?—A. No, I suppose that is true.

Q. I think that is sound?—A. Yes.

Q. In these adjustments that were made under providing for the payment of a bonus to bring these up to the minimum wage, is there any evidence, as far as you have been able to see, to show that it was the same ones month after month who were falling below the minimum?—A. Only to this extent, that where in a department there is a considerable variation as between different classes of workers in the department,—that is where you have got cutters at a higher rate, and possibly pressers getting higher rates—they, of course, will seldom come into the 20 per cent class; and you may find that you have a section, for instance of sewing machine operators who are working on cheaper types of work or some such condition as that, which will mean that those people will fall into the group oftener than the others. But due to the fact that a person working short time can come closer to the minimum in dollars and cents than somebody working longer hours, that means that anybody was apt to come into the 20 per cent class.

Q. In making the adjustments, was it the practice to choose those who were closest to the minimum rate?—A. Yes; not closest by hourly earnings, but closest in the amount of dollars and cents for the weekly pay.

Q. That is, if one had say 5 hours for the week or ten hours for the week, it would be \$2.80?—A. Yes.

Q. And they had \$2?—A. Yes.

Q. They would get the 80 cents?—A. Yes.

Q. Rather than the one— —A. Who had worked all week.

Q. Rather than the \$2 short?—A. Yes.

Q. Who worked all the week?—A. Yes; and whose earnings might be higher on an hourly basis.

By Mr. Factor:

Q. This 80-20 per cent applies only to experienced employees?—A. All except workers, learners, who are on their first six months. Now, statement WC-6 is being further broken down to indicate week by week for department F-2, F-5 and F-6, and it shows considerable variation from week to week in the percentage falling below the minimum wage.

T. THE EATON CO. LIMITED

STATEMENT W-C-6
Page 1

SCHEDULE OF CERTAIN TORONTO FACTORY DEPARTMENTS SHOWING TOTAL NUMBER OF FEMALE PIECEWORKERS EMPLOYED WEEKLY FROM 19TH JANUARY 1933 TO 29TH MARCH 1934, AND THE PERCENTAGE FAILING TO EARN, AT PIECEWORK RATES, THE MINIMUM WAGE RATES OF THE CLASS TO WHICH THEY BELONG

Week Ending	Department F-2		Department F-5		Department F-6	
	Number of Pieceworkers	Percentage Failing to earn Minimum Wage Rate	Number of Pieceworkers	Percentage Failing to earn Minimum Wage Rate	Number of Pieceworkers	Percentage Failing to earn Minimum Wage Rate
1933		%		%		%
19th January.....	183	35	104	83	77	91
26th January.....	186	33	103	83	84	88
2nd February.....	188	23	107	81	81	94
9th February.....	185	25	108	82	79	77
16th February.....	185	28	91	87	75	84
23rd February.....	188	33	97	85	66	73
2nd March.....	188	43	99	71	76	75
9th March.....	187	34	98	74	76	88
16th March.....	185	41	99	82	73	84
23rd March.....	182	36	101	78	76	75
30th March.....	183	18	100	59	78	72
6th April.....	183	32	107	50	76	71
13th April.....	183	35	104	60	75	56
20th April.....	182	31	114	56	75	53
27th April.....	183	22	113	73	76	72
4th May.....	181	21	110	48	73	64
11th May.....	182	36	106	63	65	65
18th May.....	182	23	111	66	72	75
25th May.....	181	24	117	55	71	77
1st June.....	189	35	117	58	65	68
8th June.....	188	30	123	50	71	62
15th June.....	190	30	121	63	46	74
22nd June.....	181	30	125	52	67	70
29th June.....	187	33	138	51	70	72
6th July.....	185	23	130	69	72	72
13th July.....	187	32	94	60	73	71
20th July.....	196	35	89	72	76	71
27th July.....	175	36	100	60	78	67
3rd August.....	201	35	103	80	75	67
10th August.....	194	37	101	77	78	63
17th August.....	204	38	99	75	80	67
24th August.....	207	37	101	70	82	72

T. THE EATON CO. LIMITED

SCHEDULE OF CERTAIN TORONTO FACTORY DEPARTMENTS SHOWING TOTAL NUMBER OF FEMALE PIECE-
WORKERS EMPLOYED WEEKLY FROM 19TH JANUARY 1933 TO 29TH MARCH 1934, AND THE PERCENTAGE
FAILING TO EARN, AT PIECEWORK RATES, THE MINIMUM WAGE RATES OF THE CLASS TO
WHICH THEY BELONG

Week Ending	Department F-2		Department F-5		Department F-6	
	Number of Piece- workers	Percentage Failing to earn Minimum Wage Rate	Number of Piece- workers	Percentage Failing to earn Minimum Wage Rate	Number of Piece- workers	Percentage Failing to earn Minimum Wage Rate
		%		%		%
1933—Concluded						
31st August.....	213	34	104	63	80	56
7th September.....	216	38	106	52	79	56
14th September.....	228	41	99	52	80	64
21st September.....	232	44	96	19	83	55
28th September.....	231	41	97	48	83	59
5th October.....	233	47	90	46	111	68
12th October.....	230	39	87	37	118	65
19th October.....	228	43	99	47	114	58
26th October.....	222	37	102	48	102	64
2nd November.....	222	38	100	50	96	74
9th November.....	220	31	99	57	93	73
16th November.....	218	44	98	58	86	64
23rd November.....	218	42	99	55	84	74
30th November.....	217	38	100	63	80	87
7th December.....	216	35	99	60	69	80
14th December.....	217	42	97	61	70	85
21st December.....	214	40	97	66	65	86
28th December.....	214	50	107	62	69	94
1934						
4th January.....	210	38	120	59	75	91
11th January.....	214	34	124	58	73	81
18th January.....	209	33	123	59	72	84
25th January.....	211	35	122	68	72	78
1st February.....	198	25	104	55	61	46
8th February.....	208	33	103	43	69	55
15th February.....	207	22	103	33	69	49
22nd February.....	194	22	93	30	69	42
1st March.....	176	31	96	15	69	51
8th March.....	178	21	95	7	69	41
15th March.....	181	14	104	15	68	35
22nd March.....	180	16	103	23	69	7.3
29th March.....	179	20	104	22	72	5.6

By Mr. Sommerville:

Q. Statement WC-6 shows those who do not earn the minimum rate for the period worked, whether for a full week or for part time?—A. It shows the percentage.

Q. That is to say, they did not earn enough per hour to comply with the minimum wage regulations?—A. Exactly the same as the first two columns of WC-5, except it is shown week by week.

Q. In order to get the picture of how this works over the year you have broken it down week by week on three departments, F-2, F-5 and F-6?—A. Yes.

Q. And in F-2 you had 199 employees averaged according to WC-5, and in F-5 you had 105 employees?—A. F-6, 78 employees.

Q. And these three were taken as a sample to show how the system works?—A. To show how the percentage varies from week to week.

Q. Now, you observe in F-5—that is women's dresses, F-6, men's suits and F-2, corsets—take women's dresses, in which there was evidence yesterday of a large amount of these goods being transferred to the store?—A. Week ending 19th January, 1933, 104. Percentage failing to earn minimum wage 83 per cent, number of piece workers, 77; percentage failing to earn minimum wage rate 91 per cent.

Q. Of the 104, 83 per cent did not earn a minimum wage?—A. Right.

Q. In F-5 week by week?—A. Yes.

Q. In F-6, of 77 employees 91 per cent did not earn the minimum wage?—A. Yes.

Q. Take the next?—A. On the 26th January, 103 employees, F-5, 83 per cent below minimum; 84 employees, F-6, 88 per cent below minimum; February 2, 107 employees, F-5, 81 per cent below minimum; 81 employees, F-6—94 per cent below and so on. Do you want me to read a number of them?

Q. Pick out a number of them?—A. 6th April, F-5, 107 employees—50 per cent; 76 employees—71 per cent, F-6; April 27, 113 employees—73 per cent, F-5; 76 employees—72 per cent, F-6.

Mr. KENNEDY (*Winnipeg*): Have you got the average worked out?

The WITNESS: The average is on the previous statement for the whole year; this is on the same basis but using week by week.

Mr. SOMMERVILLE: Take, for instance, the 13th July?

The WITNESS: 94 employees—60 per cent, F-5; 73 employees—71 per cent, F-6.

Mr. SOMMERVILLE: Take the following week.

The WITNESS: August 3, 103 employees—80 per cent, F-5; 75 employees—67 per cent, F-6.

By Mr. Ilsley:

Q. Does this table show anything about trends or seasonal operations?—A. Yes, they would be reflected.

Q. I do not see any trends reflected?—A. I cannot say that there is a decided trend, but I think the variations will be due to seasonal amounts of work.

Mr. NASH: I think you will find the percentage trend in F-5 around October, November and December was considerably less than it was in January, February and March.

Mr. SOMMERVILLE: But in this department, in the vast majority of weeks, the number failing to earn the minimum was substantially in excess of 60 per cent in F-5, and in F-6 substantially in excess of 70 per cent.

The WITNESS: Yes, the average is 62.2.

Mr. ILSLEY: The theory is that if there is a season when they have a lot of work it will show more per hour on the same piece work rates.

The WITNESS: Generally speaking.

Mr. NASH: The human element comes in—they think they have a lot of work.

Mr. SOMMERVILLE: That would not account for this enormous proportion that do not earn the minimum wage. There may be a fluctuation—

The WITNESS: —of 10 or 15 per cent from week to week.

Mr. ILSLEY: Are they of a minor character?

Mr. SOMMERVILLE: Of a minor character.

By Mr. Sommerville:

Q. In 1934 you will observe the trend with the increased wages, increased piece work rates. In 1934 it begins?—A. F-5 January 4, 120 people—59 per

cent; January 11, 124 workers, 58 per cent; January 18, 59 per cent; January, 25, 68 per cent; February 1, 55 per cent; February 8, 43 per cent; February 15, 33 per cent; January 22, 30 per cent; March 1, 15 per cent; March 8, 7 per cent; March 15, 15 per cent; March 22, 23 per cent; March 29, 22 per cent.

F-6. 4th January, 91 per cent; 1st February, 46 per cent; 8th February, 55 per cent; 15th February, 49 per cent; 22nd February, 42 per cent; 1st March, 51 per cent; 8th March, 41 per cent; 15th March, 35 per cent; 22nd March, 7.3 per cent; 29th March, 5.6 per cent.

Q. And this indicates the result of the increased piece work rates that are being paid?—A. Presumably.

By Mr. Factor:

Q. Has the rate been increased? I notice in 1934, since February, it has been gradually decreased in regard to the number earning the minimum wage. What does that indicate?—A. I think if you will refer to statement WC-2, department F-6 for 8th March, 1934, they average 27.3 cents as against 25.5 cents in the whole of 1933.

Q. Did they get a higher rate on the same work?—A. In some instances the officials stated that piece work rates were generally increased.

By Mr. Sommerville:

Q. You have taken a similar statement, WC-6?—A. WC-6. That is what we have been going on. WC-7 was to indicate the earnings of those employees who earned less than the minimum—were not increased to the minimum—and it shows their number from the date they were hired and what the minimum weekly rate would be, the number of hours they worked, the amount they earned at piece rates, what they averaged per hour, and what the deficiency is below the minimum. It is only for the 20 per cent who were not increased to the minimum, and it is selected for three weeks in each year for each department. We took the period for which there was the largest pay-roll for the department and the period for which there was the smallest pay-roll, and the period which would be average.

Mr. KENNEDY (*Peace River*): Does it tell why they did not earn the minimum wage?

The WITNESS: No.

Mr. FACTOR: When employees are bonused to bring them up to the 80 per cent, how is that charged in the department in the factory?

The WITNESS: They call it special money.

Mr. FACTOR: It is a separate item on the books of the company, is it?

The WITNESS: Yes.

Mr. NASH: It is part of the labour costs.

By Mr. Sommerville:

Q. It is called in the books of the company "special money" and it is kept separate under that head?—A. Yes, and eventually goes into the labour cost of the garment.

Q. Take for instance this department F-5.—A. Page 8.

Q. Page 8, yes.—A. The first pay-roll is one which is representative of the average pay-roll for the year, that is, average in dollars and cents, average of the total. The first operator 906, worked 56 hours, earned \$12.70, average 23 cents an hour which was \$3.30 below the minimum. This statement was not printed.

Q. Oh, WC-7 was not printed?—A. It is a lengthy schedule and was not printed but we will give later the extracts from this schedule which were printed.

The CHAIRMAN: Statement WC-7, pages 1 to 28, had better go into the record at this point.

The WITNESS: In these pages 1 to 28 there are the 20 per cent class in the week selected, which are not representative of the whole pay-roll.

Q. That is, in the week that is selected you took the 20 per cent class?—A. Yes.

Q. And now you are showing to the members of the committee how this 20 per cent class were affected?—A. Yes.

Q. What they actually earned, or some of them, and what their deficiency was?—A. Yes.

STATEMENT No. WC-7

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-2, CORSETS AND UNDERWEAR

Schedule of earnings of women pieceworkers who were not increased to the minimum wage rates for certain periods

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.

For week ending April 1, 1933—Total payroll of Department for week \$3.066

Section "A" Operators— Underwear—						
102.....	1932..	12 50	43 $\frac{1}{4}$	11 20	0 26	1 10
103.....	1915..	12 50	44 $\frac{3}{4}$	11 93	0 27	0 85
104.....	1929..	12 50	44 $\frac{3}{4}$	10 15	0 23	2 65
106.....	1923..	12 50	43 $\frac{3}{4}$	12 05	0 28	0 45
107.....	1922*..	12 50	44 $\frac{3}{4}$	8 35	0 19	4 45
108.....	1912..	12 50	35 $\frac{1}{2}$	8 43	0 24	1 55
112.....	1922..	12 50	41 $\frac{1}{4}$	9 08	0 22	2 90
113.....	1898..	12 50	42 $\frac{1}{4}$	7 72	0 18	4 30
129.....	1924..	12 50	42 $\frac{1}{4}$	11 48	0 27	0 50
131.....	1908..	12 50	44 $\frac{3}{4}$	11 94	0 27	0 85
133.....	1906..	12 50	44 $\frac{3}{4}$	10 25	0 23	2 55
149.....	1916..	12 50	39 $\frac{1}{2}$	10 24	0 26	0 95
152.....	1908..	12 50	44 $\frac{3}{4}$	9 60	0 21	3 20
156.....	1913..	12 50	44 $\frac{3}{4}$	11 60	0 26	1 20
157.....	1929..	12 50	35	8 26	0 24	1 70
161.....	1917..	12 50	42 $\frac{1}{4}$	8 30	0 20	3 70
168.....	1905*..	12 50	37 $\frac{3}{4}$	6 53	0 17	4 15
170.....	1932..	12 50	40 $\frac{3}{4}$	7 35	0 18	4 25
173.....	1913..	12 50	44 $\frac{3}{4}$	10 53	0 24	2 25
176.....	1931..	12 50	44 $\frac{3}{4}$	11 45	0 26	1 35
177.....	1931..	12 50	43 $\frac{3}{4}$	10 00	0 23	2 50
181.....	1911..	12 50	44 $\frac{3}{4}$	12 02	0 27	0 80
184.....	1927..	12 50	43 $\frac{1}{4}$	10 46	0 24	1 85
185.....	1930..	12 50	41 $\frac{3}{4}$	9 97	0 24	1 90
189.....	1926..	12 50	42 $\frac{1}{4}$	11 21	0 27	0 80
193.....	1929..	12 50	43 $\frac{1}{4}$	11 50	0 27	0 80
Section "B" Operators— Corsets—						
28.....	1927..	12 50	37 $\frac{3}{4}$	11 35	0 27	0 35
44.....	1914..	12 50	35 $\frac{1}{4}$	8 17	0 23	2 15
55.....	1930..	12 50	29	7 10	0 24	1 15
89.....	1929..	12 50	36 $\frac{1}{4}$	9 30	0 26	1 00
110.....	1932..	12 50	36 $\frac{1}{4}$	9 92	0 27	0 40
Section "A"—Cutters—						
104.....	1921..	12 50	43 $\frac{3}{4}$	12 19	0 28	0 30

*See Statement WC-8 for Company's explanation.

SPECIAL COMMITTEE

STATEMENT No. WC-7—Continued

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-2, CORSETS AND UNDERWEAR

Schedule of Earnings of women pieceworkers who were not increased to the minimum wage rates for certain periods

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.

For week ending June 24th, 1933—Total payroll of Department for week \$4,347.70

Section "A" Operators— Underwear—						
104.....	1929..	12 50	40 ⁷ ₈	9 28	0 23	2 30
107.....	1922..	12 50	44 ¹ ₂	9 34	0 21	3 30
108.....	1912..	12 50	47 ³ ₄	11 67	0 24	2 00
113.....	1898..	12 50	45 ³ ₄	9 00	0 20	4 05
114.....	1929..	12 50	39	9 28	0 24	1 85
116.....	1932*..	10 00	43 ³ ₄	5 56	0 13	4 45
140.....	1932..	12 50	48 ³ ₄	12 07	0 25	1 85
146.....	1932..	12 50	47 ³ ₄	10 40	0 22	3 35
149.....	1916..	12 50	42 ³ ₄	9 56	0 23	2 55
151.....	1931..	12 50	46 ¹ ₂	10 50	0 23	2 70
157.....	1929..	12 50	48 ¹ ₂	9 16	0 19	4 75
163.....	1927..	12 50	43 ³ ₄	10 79	0 25	1 70
165.....	May 29, 1933..	12 50	47 ³ ₄	8 94	0 19	4 70
168.....	1905..	12 50	45 ³ ₄	9 70	0 21	3 35
170.....	1932*..	12 50	41 ³ ₄	5 45	0 13	6 35
172.....	1929..	12 50	44 ¹ ₂	9 30	0 21	3 35
173.....	1913..	12 50	48 ¹ ₂	12 30	0 25	1 60
177.....	1923..	12 50	47 ³ ₄	9 10	0 19	4 55
178.....	1929..	12 50	39 ³ ₄	9 00	0 22	2 40
182.....	Jan. 24, 1933..	12 50	43 ³ ₄	8 38	0 19	4 10
184.....	1927..	12 50	43 ¹ ₂	9 68	0 22	2 65
185.....	1930..	12 50	44 ¹ ₂	9 05	0 20	3 60
188.....	Oct. 27, 1932..	11 00	45 ³ ₄	9 48	0 21	2 00
189.....	1926..	12 50	48 ³ ₄	12 17	0 25	1 75
193.....	1929..	12 50	47 ³ ₄	10 79	0 22	2 85
195.....	May 30, 1933..	12 50	46 ³ ₄	4 04	0 09	9 30
196.....	May 30, 1933*..	12 50	42 ³ ₄	5 53	0 13	6 55
204.....	May 31, 1933..	12 50	48 ³ ₄	9 40	0 19	4 50
206.....	May 31, 1933..	12 50	48 ³ ₄	8 68	0 18	5 20
207.....	June 1, 1933..	12 50	46 ³ ₄	5 28	0 11	8 05
209.....	June 5, 1933..	12 50	46 ³ ₄	4 83	0 10	8 50
210.....	June 7, 1933..	12 50	46 ³ ₄	10 75	0 23	2 60
211.....	June 14, 1933..	12 50	48 ³ ₄	9 08	0 19	4 80
Section "B" Operators— Corsets—						
91.....	1928..	12 50	47 ³ ₄	12 00	0 25	1 65
108.....	1932..	12 50	33 ¹ ₂	8 00	0 24	1 55

*See Statement WC-8 for Company's explanation.

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-2, CORSETS AND UNDERWEAR

Schedule of earnings of women pieceworkers who were not increased to the minimum wage rates for certain periods

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.
For week ending 7th October 1933—Total payroll of Department for week \$5,450.60						
Section "A" Operators— Underwear—						
102.....	1932..	12 50	55 $\frac{3}{4}$	12 13	0 22	3 75
107.....	1922..	12 50	43 $\frac{3}{4}$	10 00	0 23	2 50
108.....	1912..	12 50	40 $\frac{1}{4}$	7 80	0 19	3 70
111.....	1921..	12 50	43 $\frac{3}{4}$	9 63	0 22	2 85
113.....	1898..	12 50	43 $\frac{3}{4}$	9 10	0 21	3 40
119.....	Aug. 18, 1933..	12 50	56 $\frac{3}{4}$	12 68	0 22	3 50
120.....	May 22, 1933..	12 50	54 $\frac{3}{4}$	12 05	0 22	3 60
146.....	1932..	12 50	53 $\frac{3}{4}$	10 22	0 19	5 15
147.....	May 29, 1933..	11 00	53 $\frac{3}{4}$	10 64	0 20	2 85
168.....	1905..	12 50	43 $\frac{3}{4}$	7 75	0 18	4 75
170.....	1932..	12 50	49 $\frac{1}{4}$	9 96	0 20	4 10
180.....	May 25, 1933..	12 50	54 $\frac{3}{4}$	13 27	0 24	2 40
184.....	May 11, 1933..	11 00	48 $\frac{3}{4}$	7 70	0 16	4 55
185.....	1930..	12 50	54 $\frac{3}{4}$	10 99	0 20	4 65
195.....	May 30, 1933..	12 50	52 $\frac{3}{4}$	7 55	0 14	7 50
196.....	May 30, 1933..	12 50	47 $\frac{3}{4}$	9 80	0 21	3 85
200.....	Sept. 6, 1933*..	12 50	52 $\frac{1}{4}$	6 05	0 12	8 85
202.....	July 12, 1933..	12 50	56 $\frac{3}{4}$	11 15	0 20	5 05
206.....	Sept. 20, 1933..	11 00	52 $\frac{3}{4}$	9 64	0 18	3 60
207.....	June 1, 1933..	12 50	43 $\frac{3}{4}$	8 45	0 19	4 50
209.....	June 5, 1933*..	12 50	49 $\frac{3}{4}$	4 05	0 08	10 15
214.....	June 12, 1933*..	11 00	50 $\frac{1}{4}$	4 17	0 08	8 50
215.....	June 22, 1933..	12 50	54 $\frac{3}{4}$	6 80	0 12	8 85
220.....	Aug. 15, 1933*..	12 50	38 $\frac{3}{4}$	2 31	0 06	8 80
224.....	Sept. 19, 1933..	12 50	56 $\frac{3}{4}$	12 43	0 22	3 75
225.....	May 28, 1933..	12 50	56 $\frac{3}{4}$	12 41	0 22	3 80
226.....	July 28, 1933..	12 50	54 $\frac{3}{4}$	8 22	0 15	7 45
227.....	July 31, 1933..	12 50	55 $\frac{3}{4}$	7 20	0 13	8 70
228.....	July 31, 1933..	12 50	55 $\frac{3}{4}$	10 57	0 19	5 35
231.....	July 31, 1933..	12 50	56 $\frac{3}{4}$	13 40	0 24	2 80
236.....	Sept. 7, 1933..	12 50	56 $\frac{3}{4}$	10 43	0 18	5 75
239.....	Sept. 8, 1933..	12 50	38 $\frac{3}{4}$	6 57	0 17	4 55
240.....	Sept. 8, 1933*..	12 50	48 $\frac{3}{4}$	5 08	0 10	8 80
241.....	Sept. 8, 1933..	12 50	38 $\frac{1}{4}$	4 43	0 12	6 50
242.....	Sept. 8, 1933..	12 50	48 $\frac{1}{4}$	5 70	0 12	8 10
243.....	Sept. 8, 1933..	12 50	41 $\frac{3}{4}$	7 13	0 17	4 80
244.....	Sept. 11, 1933..	12 50	46 $\frac{1}{4}$	8 72	0 19	4 50
246.....	Sept. 11, 1933..	12 50	48 $\frac{1}{4}$	6 06	0 13	7 75
247.....	Sept. 11, 1933..	12 50	56 $\frac{3}{4}$	12 30	0 22	3 90
249.....	Sept. 3, 1933..	12 50	40 $\frac{3}{4}$	6 64	0 16	5 00
250.....	Sept. 13, 1933..	12 50	43 $\frac{1}{2}$	10 83	0 25	1 55
253.....	Sept. 18, 1933..	11 00	53 $\frac{3}{4}$	6 36	0 12	7 15
254.....	Sept. 20, 1933..	11 00	48 $\frac{3}{4}$	6 70	0 14	5 53
Section "B" Operators— Corsets—						
36.....	July 28, 1933..	12 50	34 $\frac{7}{8}$	6 00	0 17	3 95
51.....	May 25, 1933..	12 50	37 $\frac{3}{4}$	8 32	0 22	2 50
54.....	1922..	12 50	26 $\frac{1}{4}$	4 37	0 17	3 15
55.....	1930..	12 50	37 $\frac{3}{4}$	7 80	0 21	3 00
69.....	July 31, 1933..	11 00	37 $\frac{3}{4}$	6 61	0 18	2 90

* See Statement WC-8 for Company's explanation.

SPECIAL COMMITTEE

STATEMENT No. WC-7—Continued

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F3—MEN'S AND BOYS' SHIRTS

Schedule of earnings of women pieceworkers who were not increased to minimum wage rates for certain periods.

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.
For week ending 27th April, 1933—Total payroll of Department for week, \$1,705.65						
Operators—Shirts, etc.—						
76.....	1928..	12 50	43 ³ ₄	11 50	0 26	1 00
93*.....	1928..	12 50	37 ³ ₄	7 30	0 19	1 00
95.....	1929..	12 50	37 ³ ₄	9 40	0 25	1 40
103.....	1928..	12 50	36 ³ ₄	9 30	0 26	1 10
105.....	1913..	12 50	36 ¹ ₄	8 55	0 24	1 80
119.....	1925..	12 50	43 ³ ₄	10 50	0 24	2 00
120.....	1932..	12 50	39 ¹ ₄	7 95	0 20	3 25
121.....	1929..	12 50	39 ¹ ₄	9 85	0 25	1 35
126.....	Feb. 2, 1933..	12 50	36 ¹ ₄	6 95	0 19	3 40
128.....	1905..	12 50	23 ³ ₄	5 50	0 23	1 25
136.....	1920..	12 50	33 ¹ ₂	6 55	0 20	3 00
143.....	1925..	12 50	33 ³ ₄	8 35	0 25	1 20
144.....	1919..	12 50	23 ¹ ₄	5 10	0 22	1 53
145.....	1932..	12 50	36 ¹ ₄	8 85	0 24	1 50
148.....	1928..	12 50	40 ³ ₄	9 30	0 23	2 35
157.....	1919..	12 50	40 ³ ₄	10 55	0 26	1 10
184.....	1932..	12 50	37 ³ ₄	8 90	0 24	1 90
187.....	1929..	12 50	37 ³ ₄	9 15	0 24	1 65
190.....	Apr. 4, 1933..	12 50	40 ³ ₄	6 10	0 15	4 15
193.....	1915..	12 50	32	7 55	0 24	1 60
Examiners—						
253.....	1923..	12 50	43 ³ ₄	11 20	0 26	1 30
258.....	1914..	12 50	43 ³ ₄	9 50	0 22	3 00
261.....	1928..	12 50	43 ³ ₄	11 40	0 26	1 10

* See Statement WC-8 for Company's explanation.

For week ending 27th July, 1933—Total payroll of Department for week, \$1,330.05

Operators—Shirts, etc.—						
76.....	June 4, 1928..	12 50	42 ¹ ₄	7 85	0 19	4 20
83*.....	June 26, 1933..	12 50	35	3 90	0 11	6 10
107.....	1927..	12 50	42 ¹ ₄	9 25	0 22	2 80
113.....	1927..	12 50	39	8 45	0 21	2 35
128.....	1905..	12 50	39	6 35	0 16	4 90
136*.....	1920..	12 50	34 ⁷ ₈	5 80	0 17	4 15
145.....	1932..	12 50	37 ⁷ ₈	9 80	0 26	2 25
148.....	1928..	12 50	42 ¹ ₄	9 70	0 23	2 35
151.....	1929..	12 50	42 ¹ ₄	9 60	0 23	2 43
153.....	1925..	12 50	42 ¹ ₄	8 95	0 21	3 10
169.....	1920..	12 50	42 ¹ ₄	9 15	0 22	2 90
170.....	1932..	12 50	42 ¹ ₄	7 40	0 18	4 65
186.....	1932..	12 50	29	6 05	0 21	2 25
187.....	1929..	12 50	35	6 70	0 19	3 30
190.....	May 26, 1933..	12 50	17 ¹ ₂	1 95	0 11	3 05
194.....	1910..	12 50	42	9 55	0 23	2 50
195.....	July 5, 1933..	12 50	29 ¹ ₈	3 25	0 11	5 05
197.....	July 13, 1933..	12 50	42 ¹ ₄	8 45	0 20	3 60
198*.....	July 24, 1933..	12 50	30 ³ ₈	3 25	0 11	5 50
Examiners—						
251.....	July 4, 1933..	12 50	42 ¹ ₄	8 25	0 20	3 80
254.....	July 4, 1933..	12 50	35	5 25	0 15	4 75
258.....	1914..	12 50	42 ¹ ₄	6 10	0 14	5 95
261*.....	1928..	12 50	42 ¹ ₄	7 40	0 18	4 65

* See Statement WC-8 for Company's explanation.

STATEMENT No. WC-7—Continued

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F3—MEN'S AND BOYS' SHIRTS

Schedule of earnings of women pieceworkers who were not increased to minimum wage rates for certain periods

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.
For week ending 28th September, 1933—Total payroll of Department for week \$2,461.65						
<i>Operators—Shirts, etc.—</i>						
76.....	1928..	12 50	55 ³	13 40	0 24	2 50
77.....	Sept. 5, 1933..	12 50	56 ³	11 85	0 21	4 35
83.....	June 26, 1933..	12 50	56 ³	10 95	0 19	5 25
84.....	1928..	12 50	54 ³	13 00	0 24	2 65
105.....	1913..	12 50	48 ³	12 15	0 25	1 75
107.....	1927..	12 50	54 ³	13 65	0 25	2 00
133.....	Feb. 7, 1933..	12 50	37 ⁷	6 70	0 18	3 80
146.....	1925..	12 50	55 ³	13 30	0 24	2 60
148.....	1928..	12 50	55 ³	10 50	0 19	5 40
153.....	1925..	12 50	38 ³	7 55	0 20	3 30
160.....	1920..	12 50	55 ³	14 15	0 25	1 75
170.....	1932..	12 50	54 ³	13 05	0 24	2 60
183.....	1932..	12 50	54 ³	13 45	0 25	2 20
186.....	1932..	12 50	48 ³	10 20	0 21	3 70
190.....	May 26, 1933..	12 50	55 ³	10 80	0 19	5 10
193.....	1915..	12 50	54 ³	12 10	0 22	3 55
199.....	Sept. 13, 1933..	12 50	56 ³	10 45	0 18	5 75
200*.....	Sept. 25, 1933..	12 50	29 ¹	1 95	0 07	6 40
201.....	Sept. 25, 1933..	12 50	34 ³	2 70	0 08	7 20
202.....	Sept. 25, 1933..	12 50	34 ³	4 55	0 13	5 35
203.....	Sept. 25, 1933..	12 50	34 ³	3 80	0 11	6 10
204*.....	Sept. 25, 1933..	12 50	29 ¹	2 60	0 09	5 75
205.....	Sept. 26, 1933..	12 50	18 ³	1 40	0 08	3 90
<i>Examiners—</i>						
252.....	1918..	12 50	54 ³	12 45	0 23	3 20
258.....	1914..	12 50	54 ³	10 70	0 20	4 95
261.....	1928..	12 50	54 ³	12 95	0 24	2 70

*See Statement WC-8 for Company's explanation.

FACTORY DEPARTMENT F-5, WOMEN'S SILK DRESSES

For week ending 3rd June, 1933—Total payroll of Department for week \$2,640.35

<i>Section "A" Operators—Silk Dresses—</i>						
906.....	Jan. 31, 1933..	12 50	56 ³	12 70	0 23	3 30
911.....	May 16, 1933..	12 50	53 ³	11 70	0 22	3 55
<i>Section "B" Operators—Dresses—</i>						
422.....	1924..	12 50	53 ¹	12 40	0 23	2 80
407.....	1928..	12 50	48 ¹	11 50	0 24	2 30
406.....	May 26, 1933..	12 50	57 ¹	9 15	0 16	7 35
413.....	May 29, 1933..	12 50	39 ¹	7 20	0 18	3 95
405.....	1927..	12 50	52 ¹	12 60	0 24	2 30
<i>Section "C" Operators—Cheap Dresses—</i>						
510.....	1924..	12 50	50 ³	11 40	0 22	3 10
501*.....	May 25, 1933..	12 50	57 ³	7 45	0 13	9 05
509.....	May 22, 1933..	12 50	57 ³	10 80	0 19	5 65
518.....	May 27, 1933..	11 00	38 ³	5 20	0 14	4 35
520.....	May 29, 1933..	12 50	30 ¹	4 00	0 13	5 90
502.....	1926..	12 50	57 ³	14 45	0 25	2 05

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-5, WOMEN'S SILK DRESSES

Schedule of earnings of women pieceworkers who were not increased to the minimum wage rates for certain periods.

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.
For week ending 3rd June, 1933—Total payroll of Department for week \$2,640.35— <i>Concluded</i>						
Section "C" Operators— $\frac{1}{2}$ Cheap Dresses— $\frac{1}{2}$ Better Dresses—						
152.....	1907..	12 50	57 $\frac{3}{8}$	12 80	0 22	3 70
163.....	1927..	12 50	56 $\frac{7}{8}$	14 15	0 25	2 20
154.....	May 22, 1933..	12 50	52 $\frac{3}{4}$	9 25	0 18	5 80
156.....	May 22, 1933..	12 50	53 $\frac{3}{4}$	9 10	0 17	6 25
Section "L" Finishers—						
633.....	1917..	12 50	51 $\frac{5}{8}$	10 40	0 20	4 35
637.....	1929..	12 50	42 $\frac{1}{2}$	8 45	0 20	3 55
643.....	1909..	12 50	47 $\frac{1}{4}$	10 80	0 23	2 70
655.....	1921..	12 50	47 $\frac{7}{8}$	10 10	0 21	3 55
Section "N" Tuckers and Hemstitchers—						
282.....	1928..	12 50	57 $\frac{1}{2}$	13 30	0 23	3 15
278.....	1927..	12 50	43 $\frac{3}{4}$	8 30	0 19	3 50

*See Statement WC-8 for Company's explanation.

For week ending 8th July, 1933.—Total Payroll of Department for week, \$3,759.50

Section "A" Operators— Silk Dresses—						
910.....	Jan. 19, 1933..	12 50	43 $\frac{3}{4}$	10 05	0 23	2 45
911.....	May 16, 1933..	12 50	35	7 55	0 22	2 45
Section "B" Operators— Dresses—						
422.....	1924..	12 50	43 $\frac{1}{4}$	10 00	0 23	2 35
413.....	May 29, 1933..	12 50	35	6 80	0 19	3 20
Section "C" Operators— Cheap Dresses—						
510.....	1924..	12 50	30 $\frac{5}{8}$	6 40	0 21	2 35
526.....	June 14, 1933..	12 50	43 $\frac{1}{4}$	9 35	0 22	3 00
501.....	May 25, 1933..	12 50	35	6 50	0 19	3 50
509.....	May 22, 1933..	12 50	35	7 40	0 21	2 60
518.....	May 27, 1933..	11 00	32 $\frac{1}{2}$	5 80	0 18	2 35
520.....	May 29, 1933..	12 50	34 $\frac{1}{2}$	4 75	0 14	5 10
Section "C" Operators— $\frac{1}{2}$ Cheap Dresses, $\frac{1}{2}$ Better Dresses—						
152.....	1907..	12 50	43 $\frac{3}{4}$	9 45	0 22	3 05
170.....	June 21, 1933..	12 50	35	6 85	0 20	3 15
160.....	June 19, 1933..	11 00	42 $\frac{1}{4}$	7 15	0 17	3 45
154.....	May 22, 1933..	12 50	29 $\frac{3}{4}$	5 05	0 17	3 40
171*.....	June 21, 1933..	12 50	35	3 45	0 10	6 55
180.....	June 26, 1933..	12 50	28 $\frac{1}{2}$	5 20	0 18	2 85
181*.....	June 26, 1933..	12 50	35	4 20	0 12	5 80
182.....	June 26, 1933..	11 00	33 $\frac{1}{2}$	5 05	0 15	3 35
188.....	July 3, 1933..	12 50	24 $\frac{1}{2}$	4 45	0 18	2 60
190.....	June 26, 1933..	12 50	35	7 65	0 22	2 35
202.....	July 3, 1933..	12 50	21 $\frac{1}{8}$	3 65	0 17	2 60
Section "I" Finishers—						
637.....	1929..	12 50	33	7 05	0 21	2 40
643.....	1909..	12 50	35	7 40	0 21	2 60
655.....	1921..	12 50	38 $\frac{3}{4}$	8 10	0 21	2 85
635.....	1915..	12 50	35 $\frac{7}{8}$	7 85	0 22	2 40

* See Statement WC-8 for Company's explanation.

STATEMENT WC-7—Continued

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-5, WOMEN'S SILK DRESSES

Schedule of Earnings of women pieceworkers who were not increased to the minimum wage rate for certain periods

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.

For week ending October 19th, 1933—Total payroll of Department for week, \$1,837.00.

Section "A" Operators— Silk Dresses—						
906.....	Oct. 19, 1933..	11 00	4 $\frac{3}{8}$	0 20	0 03	0 90
Section "C" Operators— Cheap Dresses—						
507.....	1929..	12 50	30 $\frac{5}{8}$	8 10	0 26	0 65
508.....	Aug. 21, 1933..	12 50	13 $\frac{1}{8}$	3 10	0 24	0 65
510.....	1924..	12 50	35	9 10	0 26	0 90
513.....	1914..	12 50	35	8 75	0 23	1 25
514.....	Jan. 5, 1933..	12 50	43 $\frac{3}{4}$	10 80	0 25	1 70
517.....	April 3, 1933..	12 50	35	8 90	0 25	1 10
521.....	June 1, 1933..	12 50	30 $\frac{5}{8}$	6 90	0 23	1 85
522.....	April 20, 1933..	12 50	43 $\frac{3}{4}$	11 00	0 25	1 50
Section "G" Operators— $\frac{1}{2}$ Cheap Dresses, $\frac{1}{2}$ Better Dresses—						
152.....	1907..	12 50	35	7 55	0 22	2 45
169.....	1906..	12 50	26 $\frac{1}{2}$	6 35	0 24	1 15
170.....	June 26, 1933..	12 50	30 $\frac{5}{8}$	7 65	0 25	0 95
174.....	1917..	12 50	43 $\frac{3}{4}$	11 35	0 26	1 15
Section "L" Finishers—						
625.....	1914..	12 50	26 $\frac{1}{2}$	6 00	0 23	1 50
629.....	1928..	12 50	21 $\frac{7}{8}$	5 05	0 23	1 20
633.....	1917..	12 50	43 $\frac{3}{4}$	10 35	0 24	2 15
637.....	1929..	12 50	26 $\frac{1}{2}$	6 25	0 24	1 25
643.....	1909..	12 50	30 $\frac{5}{8}$	7 15	0 23	1 60
655.....	1921..	12 50	21 $\frac{7}{8}$	5 45	0 23	0 80
661.....	1930..	12 50	35	8 90	0 25	1 10

FACTORY DEPARTMENT F-6, WOMEN'S SUITS AND COATS

For week ending June 15, 1933—Total payroll of Department for week, \$867.65

Section "E" Operators— Coats..						
29.....	1923..	12 50	32 $\frac{7}{8}$	7 30	0 22	2 10
37.....	1919..	12 50	32 $\frac{7}{8}$	7 00	0 21	2 40
54.....	1921..	12 50	31 $\frac{7}{8}$	6 45	0 20	2 65
55.....	1908..	12 50	29 $\frac{3}{4}$	4 70	0 20	1 95
56.....	1930..	12 50	24 $\frac{3}{4}$	5 05	0 20	2 00
58.....	1930..	12 50	30 $\frac{1}{2}$	5 90	0 19	2 80
72*.....	1923..	12 50	16 $\frac{5}{8}$	3 15	0 19	1 70
73.....	Jan. 25, 1933..	12 50	33 $\frac{7}{8}$	6 55	0 19	3 15
Finishers—						
110*.....	1907..	12 50	28 $\frac{1}{4}$	5 35	0 19	2 70

SPECIAL COMMITTEE

STATEMENT WC-7—Continued

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-6, WOMEN'S SUITS AND COATS—Concluded

Schedule of earnings of women pieceworkers who were not increased to the minimum wage rates for certain periods

For week ending June 15, 1933 -Total payroll of Department for week, \$867.65—Concluded

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.

For week ending October 5th, 1933—Total payroll of Department for week \$3,023.35

Section "E" Operators— Coats—						
30.....	Sept. 18, 1933..	12 50	37 ³ ₄	9 05	0 19	4 60
36.....	1912.....	12 50	55 ³ ₄	11 70	0 21	4 20
50*.....	1908.....	12 50	55	9 45	0 17	6 45
66*.....	1930.....	12 50	54 ³ ₄	6 15	0 11	9 50
74.....	Sept. 30, 1933..	12 50	44	7 30	0 17	3 75
78*.....	Sept. 30, 1933..	12 50	44	3 60	0 08	7 45
81.....	Oct. 2, 1933.....	12 50	38	3 70	0 10	7 15
89.....	Oct. 3, 1933.....	12 50	28 ¹ ₄	3 60	0 13	4 45
98.....	Oct. 4, 1933.....	12 50	18 ³ ₄	1 50	0 08	3 80
Finishers—						
106.....	Sept. 30, 1933..	12 50	45 ¹ ₂	5 90	0 13	7 10
107.....	July 4, 1933.....	12 50	56 ³ ₄	11 55	0 20	4 65
108.....	Aug. 3, 1933.....	12 50	56 ³ ₄	10 25	0 18	5 95
116.....	Aug. 14, 1933..	12 50	56 ³ ₄	11 75	0 21	4 45
119.....	Sept. 30, 1933..	12 50	45 ³ ₄	7 00	0 15	4 45
121.....	Aug. 21, 1933..	12 50	56 ³ ₄	7 35	0 13	8 85
123.....	Sept. 30, 1933..	12 50	45 ³ ₄	5 55	0 12	3 80
126.....	Sept. 30, 1933..	12 50	45 ¹ ₂	4 30	0 09	8 70
134.....	Oct. 2, 1933.....	12 50	39	3 70	0 09	6 10
135.....	Oct. 2, 1933.....	12 50	28 ¹ ₄	3 25	0 12	4 80
139.....	1915.....	12 50	55 ³ ₄	12 10	0 22	3 80
142.....	1916.....	12 50	56 ³ ₄	11 60	0 20	4 60
144.....	Oct. 3, 1933.....	12 50	24 ³ ₄	1 85	0 07	4 40

For week ending November 2, 1933—Total payroll of Department for week \$1,729.05

Section E—Operators Coats—						
19*.....	1922.....	12 50	32	5 60	0 18	3 55
22.....	April 24, 1933..	12 50	42 ¹ ₄	8 45	0 20	3 60
25.....	1932.....	12 50	43	9 40	0 21	3 10
27.....	July 10, 1933..	12 50	33 ¹ ₂	6 00	0 18	3 55
30.....	Sept. 18, 1933..	12 50	42 ¹ ₄	6 30	0 15	5 75
35.....	1929.....	12 50	43	9 40	0 21	3 10
36.....	1912.....	12 50	26 ¹ ₂	4 50	0 17	3 00
37.....	1919.....	12 50	43 ³ ₄	9 50	0 22	3 00
44.....	Oct. 10, 1933..	12 50	42 ¹ ₄	6 00	0 14	6 05
50.....	1908.....	12 50	26 ¹ ₂	4 30	0 16	3 40
55.....	1908.....	12 50	43 ³ ₄	7 85	0 18	4 65
56.....	1930.....	12 50	43 ³ ₄	9 20	0 21	3 30
60.....	1919.....	12 50	34 ¹ ₂	6 80	0 20	3 05
67.....	1930.....	12 50	43 ³ ₄	8 25	0 19	4 25
68.....	Oct. 7, 1933..	12 50	40 ³ ₄	6 25	0 15	5 40
72.....	1923.....	12 50	43 ³ ₄	8 35	0 19	4 15
75.....	1923.....	12 50	39 ³ ₄	7 40	0 19	3 85
84.....	Mar. 24, 1933..	12 50	43 ³ ₄	6 70	0 15	5 80
Finishers—						
126.....	Sept. 30, 1933..	12 50	29 ¹ ₄	4 00	0 14	4 35

*See Statement WC-8 for Company's explanation.

Statement WC-7—Continued

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-7—MEN'S CLOTHING

Schedule of earnings of women pieceworkers who were not increased to minimum wage rates for certain periods

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.

For week ending March 16, 1933—Total payroll of Department for week \$6,267.75

Section D—Operators Coats						
252.....	1928..	12 50	53 ¹ ₂	11 40	0 22	3 60
254.....	1924..	12 50	43 ³ ₄	9 20	0 21	3 30
260.....	1926..	12 50	53 ³ ₄	10 10	0 18	5 25
266.....	1926..	12 50	53 ³ ₄	13 20	0 25	2 15
273.....	1932..	11 00	52 ³ ₄	12 25	0 23	1 00
Section E—Operators Trousers—						
434*.....	Feb. 23, 1933..	10 00	56 ³ ₄	6 95	0 12	6 00
443.....	Jan. 1, 1933..	10 00	56 ³ ₄	11 25	0 20	1 70
Section H—Operators Vests						
335.....	1932..	12 50	52 ³ ₄	13 60	0 26	1 45
347.....	1927..	12 50	54 ³ ₄	13 15	0 24	2 50
352.....	1926..	12 50	20 ¹ ₄	5 00	0 25	0 75
Section N—Operators Coats						
706.....	1926..	12 50	51 ³ ₄	14 10	0 27	0 65
707.....	1916..	12 50	51 ³ ₄	13 30	0 26	1 45
708.....	Jan. 20, 1933..	12 50	56 ³ ₄	11 10	0 20	5 10
709.....	1915..	12 50	56 ³ ₄	13 00	0 23	3 20
712.....	1915..	12 50	53 ¹ ₄	12 30	0 23	2 90
727*.....	1929..	12 50	55 ³ ₄	9 65	0 17	6 25
730.....	1927..	12 50	55 ³ ₄	13 90	0 25	2 00
738.....	Jan. 25, 1933..	12 50	56 ³ ₄	13 95	0 25	2 25
740.....	Jan. 25, 1933..	12 50	56 ³ ₄	11 65	0 20	4 55
742.....	1926..	12 50	53 ¹ ₄	12 40	0 23	2 80
744.....	1923..	12 50	54 ³ ₄	12 30	0 22	3 35
745.....	1927..	12 50	53 ¹ ₄	12 20	0 23	3 00
746.....	1919..	12 50	53 ³ ₄	14 40	0 27	0 95
752.....	1932..	12 50	55 ³ ₄	14 35	0 26	1 55
753.....	1925..	12 50	55 ³ ₄	13 55	0 24	2 35
759.....	1928..	12 50	45 ³ ₄	10 00	0 22	3 05
761.....	Feb. 15, 1933..	12 50	54 ³ ₄	13 75	0 25	1 90
773.....	Feb. 21, 1933..	12 50	18	2 10	0 12	3 00
774.....	1932..	12 50	55 ³ ₄	13 90	0 25	2 00
777.....	1924..	12 50	56 ³ ₄	10 70	0 19	5 50
778.....	Mar. 13, 1933..	12 50	36	5 55	0 15	4 70
780.....	1927..	12 50	52 ³ ₄	13 80	0 26	1 25
784.....	Mar. 15, 1933..	12 50	13	2 40	0 18	1 30
785.....	1932..	11 00	56 ³ ₄	11 35	0 20	2 90
790.....	1921..	12 50	47	11 20	0 24	2 20

For week ending 14th September, 1933—Total payroll of Department for week \$4,504.75

Section H—Operators Vests						
329.....	1918..	12 50	39 ³ ₄	9 85	0 25	1 50
330.....	1926..	12 50	43 ³ ₄	11 65	0 27	0 85
354.....	1927..	12 50	39 ³ ₄	9 65	0 24	1 70
Section E—Operators Trousers—						
443.....	Jan. 4, 1933..	10 00	34 ¹ ₂	7 05	0 20	0 85

* See Statement WC-8 for Company's explanation.

SPECIAL COMMITTEE

STATEMENT WC-7—Continued

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-7—MEN'S CLOTHING—Continued

Schedule of earnings of women pieceworkers who were not increased to minimum wage rates for certain periods

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.

For week ending 14th September, 1933—Total payroll of Department for week \$4,504.75—*Conc.*

Section N—Operators Coats						
709.....	1918..	12 50	43 ³ ₄	7 75	0 18	4 75
712.....	1917..	12 50	43 ³ ₄	11 30	0 26	1 20
721.....	1926..	12 50	42 ¹ ₄	9 60	0 23	2 45
723.....	1923..	12 50	43 ³ ₄	10 90	0 25	1 60
724.....	1928..	12 50	43 ³ ₄	10 00	0 23	2 50
727.....	1929..	12 50	43 ³ ₄	10 25	0 23	2 25
742.....	1926..	12 50	43 ³ ₄	11 35	0 26	1 15
744.....	1923..	12 50	43 ³ ₄	9 60	0 22	2 90
745.....	1927..	12 50	43 ³ ₄	11 50	0 26	1 00
746.....	1919..	12 50	43 ³ ₄	10 20	0 23	2 30
752.....	1932..	12 50	43 ³ ₄	11 65	0 27	0 85
753.....	1922..	12 50	43 ³ ₄	11 70	0 27	0 80
758.....	1926..	12 50	43 ³ ₄	10 45	0 24	2 05
759.....	1928..	12 50	43 ³ ₄	11 65	0 27	0 70
777.....	1924..	12 50	43 ³ ₄	8 90	0 20	3 60
778.....	Aug. 25, 1933..	12 50	43 ³ ₄	9 50	0 22	3 00
781.....	1926..	12 50	35	9 20	0 26	0 80
785.....	1932..	12 50	43 ³ ₄	9 30	0 21	3 20
790.....	1921..	12 50	43 ³ ₄	11 00	0 25	1 50
793.....	Aug. 28, 1933..	12 50	43 ³ ₄	7 90	0 18	4 60
794.....	Sept. 1, 1933..	12 50	43 ³ ₄	10 85	0 25	1 65
795.....	Mar. 28, 1933..	12 50	43 ³ ₄	8 25	0 19	4 25
796*.....	Sept. 6, 1933..	12 50	35	5 70	0 16	4 30
797.....	Sept. 11, 1933..	12 50	30 ³ ₄	4 85	0 16	3 90
799.....	Sept. 6, 1933..	12 50	39 ³ ₄	10 15	0 26	1 10
800.....	1914..	12 50	43 ³ ₄	11 65	0 27	0 85
801.....	Sept. 11, 1933..	12 50	30 ³ ₄	4 10	0 13	4 65
802.....	1926..	12 50	39 ³ ₄	8 70	0 22	2 55
803.....	1932..	12 50	43 ³ ₄	10 40	0 24	2 10
808.....	1926..	12 50	43 ³ ₄	9 15	0 21	3 35
813.....	Sept. 11, 1933..	12 50	30 ³ ₄	5 40	0 18	3 35
814.....	Sept. 11, 1933..	12 50	30 ³ ₄	3 40	0 11	5 35
817.....	Mar. 24, 1933..	10 00	43 ³ ₄	9 15	0 21	0 85

For week ending 30th November, 1933—Total payroll of Department for week—\$1,960.15

Section H—Operators vests						
354.....	1927..	12 50	21 ⁷ ₈	4 00	0 18	2 25
Section E—Operators—Trousers—						
414*.....	1912..	12 50	13 ¹ ₂	2 10	0 16	1 65
432*.....	1928..	12 50	21 ⁷ ₈	3 10	0 14	3 15
433.....	1930..	12 50	21 ⁷ ₈	4 55	0 21	1 70
448.....	1926..	12 50	17 ¹ ₂	3 70	0 21	1 30
Section N—Operators—Coats—						
705.....	Oct. 6, 1933..	12 50	30 ⁷ ₈	5 75	0 19	3 10
706.....	1926..	12 50	24 ³ ₄	5 25	0 21	1 80
712.....	1922..	12 50	22 ¹ ₂	4 95	0 22	1 40
727.....	1929..	12 50	16	3 05	0 19	1 50
731.....	1925..	12 50	16 ⁷ ₈	3 10	0 18	1 75
742.....	1926..	12 50	21 ³ ₄	4 95	0 23	1 25

* See Statement WC-8 for Company's explanation.

STATEMENT WC-7—Continued

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-7—MEN'S CLOTHING—Concluded

Schedule of earnings of women pieceworkers who were not increased to minimum wage rates for certain periods

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.

For week ending 30th November, 1933—Total payroll of Department for week—\$1,960.15—*Conc.*

Section N—Operators— Coats— <i>Con.</i>						
744.....	1923..	12 50	20 ¹ ₄	3 75	0 19	2 05
746.....	1919..	12 50	16	2 45	0 15	2 10
748.....	1923..	12 50	30 ¹ ₄	5 70	0 19	3 00
749.....	1924..	12 50	20 ¹ ₄	4 45	0 22	1 35
753.....	1925..	12 50	18 ¹ ₄	3 75	0 20	1 65
755.....	1922..	12 50	20 ¹ ₄	4 25	0 21	1 55
765.....	1927..	12 50	29 ¹ ₄	6 15	0 21	2 30
766.....	Oct. 6, 1933..	12 50	18 ³ ₄	3 90	0 21	1 35
769.....	1930..	12 50	19 ³ ₄	3 20	0 17	2 35
770.....	Sept. 25, 1933..	12 50	21 ³ ₄	4 30	0 20	1 90
773.....	April 3, 1933..	12 50	27	5 50	0 20	2 25
774.....	Mar. 9, 1933..	12 50	23 ¹ ₄	5 00	0 22	1 65
777.....	1924..	12 50	16	2 65	0 17	1 90
793*.....	Aug. 28, 1933..	12 50	30 ¹ ₄	3 20	0 10	5 50
795*.....	Mar. 28, 1933..	12 50	19 ¹ ₄	3 55	0 18	2 10
800.....	1914..	12 50	20 ¹ ₄	4 10	0 20	1 70
802.....	1926..	12 50	20 ¹ ₄	3 50	0 17	2 45
805.....	1924..	12 50	22 ³ ₄	5 00	0 22	1 50
808.....	1926..	12 50	22 ³ ₄	5 10	0 23	1 40
809.....	1920..	12 50	26 ¹ ₄	5 75	0 22	1 70
817.....	Mar. 24, 1933..	10 00	32	5 15	0 16	2 15
820.....	Oct. 6, 1933..	12 50	22 ¹ ₄	4 00	0 18	2 50
Section F—Operators But- tonholes—						
581.....	1928..	12 50	20 ¹ ₄	7 05	0 24	1 40
583.....	1932..	12 50	21 ¹ ₄	4 70	0 21	1 55
585.....	1929..	12 50	27 ³ ₈	6 30	0 23	1 60

FACTORY DEPARTMENT F-8, WOMEN'S DRESSES

For week ending 16th March, 1933.—Total payroll of Department F-8 for week, \$3,712.30

Section "A" (Operators— Dresses)—						
152.....	1930..	12 50	35	6 25	0 18	3 70
164.....	1923..	12 50	51 ¹ ₄	13 10	0 25	1 65
167.....	1922..	12 50	34 ¹ ₄	7 80	0 23	2 00
176.....	1932..	12 50	47 ³ ₄	10 45	0 22	3 20
186.....	1923..	12 50	35	7 90	0 23	2 05
193.....	1924..	12 50	47 ¹ ₄	11 65	0 24	1 85
199.....	1923..	12 50	30 ¹ ₄	7 00	0 23	1 75
201.....	1929..	12 50	43	10 65	0 25	1 55
210.....	1927..	12 50	43 ³ ₄	10 75	0 25	1 75
220.....	1929..	12 50	43 ³ ₄	10 60	0 24	1 90
222.....	1915..	12 50	51 ¹ ₄	12 80	0 25	1 95
242.....	Jan. 5, 1933..	12 50	51 ³ ₄	10 30	0 20	4 45
243.....	1929*..	12 50	43 ¹ ₄	9 10	0 21	3 40
255.....	Jan. 11, 1933..	12 50	26 ¹ ₄	5 90	0 22	1 55
261.....	Jan. 12, 1933..	12 50	47 ³ ₄	11 75	0 24	1 90
262.....	Jan. 13, 1933..	12 50	47 ¹ ₄	10 45	0 22	3 20

SPECIAL COMMITTEE

STATEMENT No. WC-7—Continued

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-8, WOMEN'S DRESSES

Schedule of earnings of women pieceworkers who were not increased to minimum wage rates for certain periods

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.
For week ending 16th March, 1933—Total payroll of Department F-8 for week, \$3,712.30— <i>Conc.</i>						
Section "B" (Operators— Blouses and skirts)—						
307.....	1929..	12 50	30 ¹ / ₂	5 30	0 17	3 35
310.....	1929..	12 50	41 ³ / ₄	8 90	0 21	2 95
311.....	1931..	12 50	43 ³ / ₄	8 55	0 19	3 95
316.....	1915..	12 50	34 ¹ / ₂	5 25	0 15	4 50
342.....	1924..	12 50	51 ³ / ₄	13 15	0 25	1 60
348.....	1931..	12 50	39 ¹ / ₂	9 05	0 23	2 15
Section "C" (Women Oper- ators—Dresses)—						
410.....	1927..	12 50	43 ³ / ₄	10 15	0 23	2 35
411.....	1919..	12 50	39	6 60	0 17	4 50
425.....	1929..	12 50	43 ¹ / ₄	10 85	0 25	1 45
428.....	1931..	12 50	22	4 65	0 21	1 60
430.....	1931..	12 50	39 ¹ / ₂	6 70	0 17	4 50
431.....	1931..	12 50	33 ¹ / ₂	7 85	0 23	1 65
432.....	1931..	12 50	33 ¹ / ₂	6 40	0 19	3 10
Section "C" (Pressing and Finishing)—						
1211.....	1927..	12 50	51 ³ / ₄	12 80	0 25	1 95
1212.....	1927..	12 50	32 ¹ / ₂	7 25	0 22	1 90
1214.....	1908..	12 50	43	9 70	0 22	2 50
1243.....	1922..	12 50	26 ¹ / ₂	5 20	0 19	2 35

For week ending 29th June, 1933—Total payroll of Department F-8 for week \$5,493.30

Section "A" (Operators—Dresses)—						
164.....	1923..	12 50	57 $\frac{1}{4}$	13 75	0 24	2 60
165.....	1930..	12 50	52 $\frac{1}{2}$	12 05	0 23	2 85
174.....	1927..	12 50	36 $\frac{1}{4}$	7 20	0 20	3 15
198.....	May 25, 1933*	12 50	47 $\frac{1}{2}$	6 20	0 13	7 35
232.....	May 26, 1933..	12 50	52 $\frac{1}{4}$	7 90	0 15	7 00
233.....	May 26, 1933..	12 50	53 $\frac{1}{4}$	9 15	0 17	6 05
235.....	June 12, 1933..	12 50	46 $\frac{3}{4}$	8 15	0 17	5 20
236.....	1929..	12 50	50 $\frac{3}{8}$	11 50	0 23	2 90
239.....	June 14, 1933..	12 50	57 $\frac{1}{4}$	13 35	0 23	3 00
240.....	May 26, 1933..	12 50	58 $\frac{1}{4}$	12 60	0 22	4 00
241.....	May 29, 1933..	12 50	23 $\frac{1}{2}$	2 80	0 12	3 90
245.....	May 31, 1933..	12 50	16 $\frac{3}{4}$	2 25	0 13	2 50
249.....	June 22, 1933*	12 50	58 $\frac{1}{4}$	6 15	0 11	10 45
253.....	1916..	12 50	52 $\frac{7}{8}$	12 10	0 23	3 00
255.....	Jan. 11, 1933..	12 50	47	10 80	0 23	2 60
256.....	1926..	12 50	51 $\frac{3}{4}$	9 90	0 19	4 85
257.....	1927..	12 50	47 $\frac{7}{8}$	11 20	0 23	2 45
259.....	June 24, 1933..	12 50	48 $\frac{3}{4}$	6 00	0 12	7 90
260.....	Jan. 12, 1933..	12 50	55 $\frac{1}{4}$	12 30	0 22	3 45
264.....	1915..	12 50	32 $\frac{5}{8}$	6 75	0 21	2 55
265.....	June 26, 1933..	11 00	33 $\frac{5}{8}$	3 85	0 11	4 60
267.....	June 26, 1933..	11 00	33	5 50	0 16	2 95
269.....	1923..	12 50	51 $\frac{1}{4}$	8 35	0 16	6 40
273.....	1920..	12 50	46	10 05	0 22	3 20
274.....	1930..	12 50	49	9 35	0 19	4 90
277.....	1926..	12 50	42 $\frac{1}{2}$	7 55	0 18	4 55
279.....	June 2, 1933..	12 50	56 $\frac{1}{8}$	12 15	0 21	4 05

* See Statement WC-8 for Company's explanation.

STATEMENT No. WC-7—Continued

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-8, WOMEN'S DRESSES

Schedule of earnings of women pieceworkers who were not increased to minimum wage rates for certain periods

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.
For week endng 29th June, 1933—Total payroll of Department F-8 for week \$5,493.30— <i>Conc.</i>						
Section "B" (Operators— Blouses and Skirts)						
306.....	1929..	12 50	50 ^{3 1/2}	11 95	0 24	2 55
310.....	1929..	12 50	57 ^{1 1/2}	13 50	0 24	2 85
321.....	1928*	12 50	58 ^{1 1/2}	11 60	0 20	5 00
334.....	1915..	12 50	58 ^{1 1/2}	13 75	0 24	2 85
Section "C" (Operators— Dresses)—						
403.....	1928..	12 50	58 ^{1 1/2}	14 05	0 24	2 55
408.....	May 29, 1933..	12 50	30 ^{7 1/2}	5 40	0 17	3 40
423.....	May 29, 1933..	11 00	58 ^{1 1/2}	8 90	0 15	5 75
427.....	1929..	12 50	52 ^{3 1/2}	12 60	0 24	2 50
429.....	1929..	12 50	55 ^{13 1/2}	12 20	0 22	3 70
443.....	May 30, 1933..	12 50	34 ^{3 1/2}	7 05	0 20	2 80
450.....	June 12, 1933..	11 00	55 ^{5 1/2}	8 00	0 14	6 00
451.....	June 12, 1933..	12 50	46 ^{33 1/2}	10 85	0 23	2 40
456.....	June 26, 1933..	12 50	37 ^{5 1/2}	8 15	0 22	2 40
460.....	June 26, 1933..	12 50	33 ^{5 1/2}	3 50	0 10	6 10
Section "G" (Pressing and Finishing)—						
1210.....	1915..	12 50	50 ^{3 1/2}	11 00	0 22	3 40
1214.....	1908..	12 50	51 ^{1 1/2}	10 45	0 20	4 30
1215.....	1917..	12 50	49 ^{1 1/2}	10 55	0 21	3 50
1222.....	June 9, 1933..	12 50	57 ^{1 1/2}	9 50	0 17	6 85

For week ending August 24, 1933. Total payroll of Department F-8 for week, \$3,006.15

Section "A" (Operators—Dresses)—						
190.....	1923*	12 50	43 ^{3 1/2}	8 30	0 19	3 75
215.....	1928..	12 50	44 ^{1 1/2}	9 85	0 22	2 50
217.....	June 12, 1933..	12 50	47 ^{3 1/2}	10 25	0 21	2 95
235.....	June 12, 1933..	12 50	44 ^{1 1/2}	6 50	0 15	5 85
242.....	Jan. 5, 1933..	12 50	47 ^{1 1/2}	8 75	0 18	4 45
247.....	June 19, 1933..	12 50	46 ^{1 1/2}	9 40	0 20	3 50
Section "B" (Operators—Blouses and Skirts)—						
304.....	1917..	12 50	46 ^{3 1/2}	10 45	0 22	2 45
310.....	1929..	12 50	43 ^{1 1/2}	9 55	0 22	2 50
332.....	1906..	12 50	38 ^{1 1/2}	7 45	0 20	2 95
339.....	1915..	12 50	46 ^{3 1/2}	10 85	0 23	2 05

SPECIAL COMMITTEE

STATEMENT No. WC-7—Continued

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-8, WOMEN'S DRESSES

Schedule of earnings of women pieceworkers who were not increased to minimum wage rates for certain periods

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.
For week ending August 24, 1933. Total payroll of Department F-8 for week, \$3,006.15— <i>Conc.</i>						
Section "C" (Operators—Dresses)—						
402.....	May 29, 1933..	12 50	44 ³ / ₄	10 05	0 22	2 30
410.....	1927..	12 50	43 ³ / ₄	9 80	0 22	2 25
415.....	1919..	12 50	43 ³ / ₄	9 25	0 21	2 80
421.....	1929..	12 50	47 ³ / ₄	10 20	0 21	3 00
428.....	1931..	12 50	39 ³ / ₈	7 95	0 20	2 85
431.....	1931..	12 50	35	7 35	0 21	2 20
432.....	1931..	12 50	43 ³ / ₄	9 40	0 21	2 65
434.....	May 29, 1933..	12 50	37	7 20	0 19	2 90
436.....	1930..	12 50	17 ¹ / ₂	2 45	0 14	2 10
440.....	May 29, 1933..	11 00	38 ¹ / ₂	6 95	0 18	2 80
446.....	May 31, 1933..	12 50	43 ³ / ₄	8 30	0 19	3 75
448.....	1928..	12 50	44 ³ / ₄	9 85	0 22	2 50
450.....	1929..	12 50	45 ³ / ₄	9 65	0 21	2 95
452.....	1930*..	12 50	43 ³ / ₄	7 55	0 17	4 50
461.....	June 27, 1933..	12 50	44 ³ / ₄	7 30	0 16	5 00
466.....	1931..	12 50	43 ³ / ₄	9 65	0 22	2 45
468.....	1921..	12 50	43 ³ / ₄	8 10	0 19	3 95
Section "G" (Pressers and Finishers)—						
1202.....	1913..	12 50	47 ³ / ₄	10 60	0 22	2 60
1210.....	1915..	12 50	40 ³ / ₄	8 70	0 22	2 40
1211.....	1927..	12 50	44 ³ / ₄	9 75	0 22	2 60
1214.....	June 12, 1933..	12 50	45 ³ / ₄	8 90	0 19	3 70
1224.....	1931..	12 50	46 ³ / ₄	8 45	0 18	4 45
1228.....	Jan. 5, 1933..	12 50	44 ³ / ₄	9 25	0 21	3 10

FACTORY DEPARTMENT F. 9—FURS

For week ending March 23, 1933—Total payroll of Department for week \$65.90

Operator—							
178.....	1926..	12	50	6 ³ / ₄	1	55	0 23 0 35
Finisher—							
180.....	1924..	12	50	3	0	75	0 25 0 10

For week ending September 28, 1933—Total payroll of Department for week \$597.85

Finishers—							
183.....	1913..	12	50	56 ³ / ₄	14	25	0 25 1 95
184.....	1912..	12	50	56 ³ / ₄	16	00	0 28 0 20
187.....	1905..	12	50	56 ³ / ₄	13	50	0 24 2 70

For week ending December 21, 1933—Total payroll of Department for week \$323.15

Finishers—							
181.....	1916..	12	50	39 ³ / ₄	11	05	0 28 0 30
185.....	June 14, 1933..	12	50	20 ⁷ / ₈	5	10	0 24 0 85

*See Statement WC-8 for Company's explanation.

STATEMENT No. WC-7—Continued

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-10, TIES, MUFFLERS, SWEATERS, CAPS, ETC.

Schedule of earnings of women pieceworkers who were not increased to minimum wage rates for certain periods

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.

For week ending November 9, 1933—Total payroll of Department for week \$630.70

Operators—Ties and Scarves—						
119.....	1928..	12 50	50 $\frac{3}{4}$	14 20	0 28	0 30
Operators—Caps and Buttons—						
207.....	1919..	12 50	55 $\frac{3}{4}$	12 60	0 23	3 30
211.....	Sept. 15, 1933..	12 50	56 $\frac{3}{4}$	14 60	0 26	1 60
213.....	Sept. 15, 1933..	12 50	37 $\frac{1}{2}$	9 35	0 25	1 30
227.....	Nov. 8, 1933*.	11 00	19 $\frac{1}{2}$	2 30	0 12	2 60
231.....	Nov. 1, 1933..	12 50	27 $\frac{1}{2}$	5 15	0 18	2 70
235.....	1928..	12 50	56 $\frac{1}{2}$	13 05	0 23	3 15

For week ending August 3, 1933—Total payroll of Department for week \$301

Operators—Ties and Scarves—						
124.....	1932..	12 50	24 $\frac{3}{4}$	5 90	0 24	1 15
134.....	1906..	12 50	23 $\frac{1}{4}$	6 25	0 27	0 40
Operators—Caps and Buttons—						
203.....	1928..	12 50	37 $\frac{3}{4}$	10 25	0 27	0 55
207.....	1919..	12 50	37 $\frac{3}{4}$	9 90	0 26	0 90
233.....	1919..	12 50	36 $\frac{1}{4}$	9 70	0 27	0 65

For week ending March 2, 1933—Total payroll of Department for week \$226.80

Operators—Ties and Scarves—						
124.....	1932*.	12 50	21 $\frac{3}{4}$	3 25	0 15	2 95
136.....	1928..	12 50	21 $\frac{1}{2}$	5 60	0 26	1 45
Operators—Caps and Buttons—						
209.....	1920..	12 50	29	6 55	0 23	1 70
219.....	1927..	12 50	31 $\frac{3}{4}$	7 15	0 23	1 85
233.....	1919..	12 50	24 $\frac{1}{2}$	5 50	0 22	1 65
235.....	1928..	12 50	29	6 60	0 23	1 55

*See Statement WC-8 for Company's explanation.

SPECIAL COMMITTEE

STATEMENT No. WC-7—Continued

THE T. EATON Co. LIMITED

FACTORY DEPARTMENT F-11—SUIT CASES, BAGS AND HARNESS

Schedule of Earnings of women pieceworkers who were not increased to the minimum wage rates for certain periods

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.

For week ending 4th May, 1933—Total payroll of Department for week, \$612.40

Operators—Leather Goods						
404.....	1926..	12 50	29	7 10	0 24	1 20
414.....	1927..	12 50	40 $\frac{3}{4}$	10 80	0 27	0 85

For week ending 30th March, 1933—Total payroll of Department for week, \$269.35

404.....	1926..	12 50	16 $\frac{1}{2}$	2 95	0 18	1 75
409.....	1930..	12 50	13 $\frac{1}{2}$	1 90	0 14	1 95

For week ending 5th October, 1933—Total payroll of Department for week, \$1,211.85

Operators—Leather Goods						
405.....	1929..	12 50	47 $\frac{1}{4}$	11 15	0 23	2 50
409.....	1930..	12 50	31 $\frac{1}{8}$	8 25	0 26	0 80

FACTORY DEPARTMENT F-12, WOMEN'S WOOLLEN DRESSES, SKIRTS AND RAINCOATS

For week ending 20th April, 1933—Total payroll of Department for week, \$3,567.35

Section "B" Operators—Dresses—						
708.....	1919..	12 50	35	7 15	0 20	2 80
706.....	1930..	12 50	35	7 80	0 22	2 15
713.....	1924..	12 50	35	8 25	0 24	1 70
716.....	1923..	12 50	30 $\frac{1}{2}$	6 05	0 20	2 60
718.....	1920..	12 50	35	7 20	0 21	2 75
726.....	1926..	12 50	35	7 85	0 22	2 10
735.....	1920..	12 50	35	8 05	0 23	1 90
743.....	1925..	12 50	35	7 40	0 21	2 55
754.....	1932..	12 50	35	8 65	0 25	1 30
758.....	1925*..	12 50	21 $\frac{3}{4}$	3 15	0 14	3 05
760.....	1919..	12 50	26 $\frac{1}{2}$	5 45	0 21	2 10
775.....	1924..	12 50	30 $\frac{1}{2}$	5 40	0 18	3 25
778.....	Jan. 24, 1933..	12 50	35	8 45	0 24	1 50
795.....	Feb. 1, 1933..	12 50	35	7 75	0 22	2 20
Section "B" Tucking—						
203.....	Feb. 7, 1933..	12 50	35	8 45	0 24	1 50

*See Statement WC-8 for Company's explanation.

STATEMENT No. WC-7—Continued

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-12, WOMEN'S WOOLLEN DRESSES, SKIRTS AND RAINCOATS

Schedule of Earnings of women pieceworkers who were not increased to the minimum wage rates for certain periods

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.

For week ending 17th August, 1933—Total payroll of Department for week, \$1,871.65

Section "B" Finishers— Dresses—						
603.....	1924..	12 50	43 ³ / ₄	11 15	0 25	1 35
Section "B" Operators— Dresses—						
707.....	1919..	12 50	43 ³ / ₄	11 30	0 26	1 20
708.....	1919..	12 50	43 ³ / ₄	9 90	0 23	2 60
711.....	May 22, 1933..	12 50	43 ³ / ₄	10 60	0 24	1 90
715.....	May 9, 1933..	12 50	13 ¹ / ₈	2 60	0 20	1 15
722.....	1929..	12 50	30 ⁵ / ₈	6 00	0 20	2 75
742.....	1929..	12 50	43 ³ / ₄	11 10	0 25	1 40
744.....	1925..	12 50	39 ³ / ₈	9 10	0 23	2 15
746.....	1925..	12 50	43 ³ / ₄	11 20	0 26	1 30
749.....	1926..	12 50	43 ³ / ₄	10 00	0 23	2 50
776.....	Jan. 24, 1933..	12 50	13 ¹ / ₈	2 60	0 20	1 15

For week ending October 5th, 1933—Total payroll of Department for week \$5,180.80

Section "B" Operators— Dresses—						
703*.....	1922..	12 50	56 ³ / ₄	10 30	0 18	5 90
706.....	1930..	12 50	52 ³ / ₄	12 30	0 23	2 65
708.....	1919..	12 50	55 ³ / ₄	11 35	0 20	4 55
712.....	1916..	12 50	47	9 45	0 20	3 95
716.....	1923..	12 50	56 ³ / ₄	13 90	0 24	2 30
723.....	July 17, 1933..	12 50	56 ³ / ₄	12 20	0 21	4 00
727.....	1925..	12 50	55 ³ / ₄	12 90	0 23	3 00
758.....	1925..	12 50	55 ³ / ₄	13 30	0 24	2 60
759.....	1927..	12 50	56 ³ / ₄	13 65	0 24	2 55
775*.....	1924..	12 50	52 ³ / ₄	11 75	0 22	3 20
777.....	June 23, 1933..	12 50	45 ¹ / ₄	10 80	0 24	2 20
778.....	Jan. 24, 1933..	12 50	56 ³ / ₄	12 05	0 21	4 15
780.....	June 14, 1933..	12 50	54 ³ / ₄	12 15	0 22	3 50
781.....	Jan. 24, 1933..	12 50	51 ¹ / ₄	10 75	0 21	3 90
783.....	Mar. 22, 1933..	12 50	46	10 90	0 24	2 25
787.....	Sept. 13, 1933..	11 00	39	7 50	0 19	2 30
788.....	Sept. 13, 1933..	12 50	56 ³ / ₄	12 90	0 23	3 30
793.....	June 12, 1933..	12 50	56 ³ / ₄	13 90	0 24	2 30
798*.....	Sept. 29, 1933..	11 00	47 ³ / ₄	5 50	0 12	6 50

FACTORY DEPARTMENT F-15, CHILDREN'S COATS

For week ending April 13th, 1933—Total payroll of Department for week \$3,123.35

Finishers—						
137.....	1922..	12 50	41	8 25	0 20	3 40
138.....	1915..	12 50	44	8 80	0 20	3 75
140.....	1932..	12 50	42 ¹ / ₂	9 05	0 21	3 00
143.....	1926..	12 50	42 ³ / ₄	8 85	0 21	3 15
146.....	1916..	12 50	41 ³ / ₄	9 15	0 22	2 70
147.....	1921..	12 50	41 ¹ / ₄	8 90	0 21	2 90
166.....	1931..	12 50	53 ³ / ₄	11 30	0 21	4 05

* See Statement WC-8 for Company's explanation.

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-15, CHILDREN'S COATS

Schedule of earnings of women pieceworkers who were not increased to the minimum wage rates for certain periods

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.

For week ending April 13th, 1933—Total payroll of Department for week \$3,123.35—*Conc.*

Finishers—Con.						
167*	1930..	12 50	42 ¹ ₄	8 20	0 19	3 80
168.	1901..	12 50	48 ³ ₄	9 45	0 19	4 45
170.	1905..	12 50	42 ¹ ₂	7 70	0 18	4 35
172.	1912..	12 50	51 ¹ ₄	9 05	0 18	5 60
174.	1900..	12 50	48 ³ ₄	9 40	0 19	4 50
175.	1910..	12 50	52 ³ ₄	9 40	0 18	5 65
176*	1909..	12 50	51 ¹ ₄	9 30	0 18	5 35
177.	1913..	12 50	50 ¹ ₄	9 55	0 19	4 80
178*	1912..	12 50	50 ¹ ₄	9 05	0 18	5 30
Operators—						
325.	1927..	12 50	51 ³ ₄	12 05	0 23	2 70
328.	1909..	12 50	56 ³ ₄	11 55	0 20	4 65
333.	1930..	12 50	48 ³ ₄	9 75	0 20	4 15
306.	1912..	12 50	53 ³ ₄	12 05	0 22	3 30
904.	1904..	12 50	51 ³ ₄	9 35	0 18	5 40
905*	1901..	12 50	53 ³ ₄	9 00	0 17	6 35
918.	1907..	12 50	56 ³ ₄	11 90	0 21	4 30
934.	1912..	12 50	45 ¹ ₂	9 35	0 21	3 55

For week ending June 1st, 1933—Total payroll of Department for week, \$942.15

Finishers—						
146.	1916..	12 50	5 ³ ₄	0 70	0 12	0 95
Coat Operators—						
314.	1928..	12 50	10 ⁵ ₈	1 70	0 16	0 90
325.	1927..	12 50	6 ³ ₈	1 05	0 16	0 90
329.	1920..	12 50	8 ³ ₈	1 00	0 12	1 35
Basters—						
527.	1917..	12 50	14 ¹ ₂	2 45	0 17	1 70
Finishers—						
166.	1931..	12 50	14 ¹ ₂	2 90	0 20	1 25
168.	1901..	12 50	13	2 20	0 17	1 50
170*	1905..	12 50	30 ¹ ₂	2 30	0 08	1 40
174.	1900..	12 50	13 ¹ ₂	2 25	0 17	1 60
175.	1910..	12 50	14 ¹ ₂	2 15	0 15	2 00
176.	1909..	12 50	18 ¹ ₈	3 30	0 17	2 10
177.	1913..	12 50	14 ³ ₈	2 95	0 20	1 20
178.	1912..	12 50	14 ¹ ₂	2 45	0 17	1 70
Small Part Operators—						
454.	1926..	12 50	17 ⁷ ₈	4 15	0 23	0 95
Operators—						
902.	1905..	12 50	18 ⁷ ₈	3 90	0 21	1 50
903.	1908..	12 50	33	8 00	0 24	1 55
904*	1904..	12 50	18 ⁷ ₈	2 40	0 13	3 00
908.	April 24, 1933..	12 50	18 ¹ ₈	3 80	0 21	1 45
912.	1908..	12 50	17 ¹ ₈	3 95	0 23	1 00
918.	1907..	12 50	17 ¹ ₈	3 95	0 22	1 15
920.	1919..	12 50	18 ¹ ₈	4 20	0 22	1 20
929.	1922..	12 50	17 ¹ ₈	4 00	0 22	1 10
932.	1929..	12 50	33	8 65	0 26	0 90
934.	1912..	12 50	29	6 50	0 22	1 80
945.	1931..	12 50	10 ¹ ₈	2 00	0 20	0 90

STATEMENT No. WC-7—*Concluded*

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-15, CHILDREN'S COATS—*Concluded*

Schedule of earnings of women pieceworkers who were not increased to the minimum wage rates for certain periods

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Hours Worked	Amount Earned	Average Amount Earned Per Hour	Deficiency below Minimum Wage Rates
		\$ cts.		\$ cts.	\$ cts.	\$ cts.

For week ending November 30th, 1933—Total payroll of Department for week, \$1,894.65

Coat Operators—						
323*.....	April 24, 1933..	12 50	42 $\frac{1}{4}$	8 05	0 19	4 00
328.....	1909..	12 50	37 $\frac{7}{8}$	7 00	0 18	3 80
329.....	1920..	12 50	38 $\frac{3}{8}$	6 50	0 17	4 45
352.....	1929..	12 50	41 $\frac{3}{4}$	9 10	0 22	2 85
355.....	1917..	12 50	43 $\frac{3}{4}$	8 75	0 20	3 75
363*.....	1924..	12 50	38 $\frac{3}{8}$	7 20	0 19	3 75
Finishers—						
173.....	Oct. 18, 1933..	12 50	43 $\frac{3}{4}$	9 05	0 21	3 45
174.....	1900..	12 50	43 $\frac{3}{4}$	9 30	0 21	3 20
175.....	1910..	12 50	47 $\frac{3}{4}$	10 05	0 21	3 60
176.....	1909..	12 50	43 $\frac{3}{4}$	9 00	0 21	3 50
Small Parts Operators—						
434.....	1926..	12 50	31	5 25	0 17	3 60
Operators—						
902.....	1905..	12 50	29	5 40	0 19	2 90
905.....	1901..	12 50	31	3 90	0 13	4 95
908.....	April 24, 1933..	12 50	40 $\frac{1}{2}$	5 80	0 14	5 70
911.....	1922..	12 50	37 $\frac{3}{8}$	4 95	0 13	5 75
915.....	1911..	12 50	37 $\frac{7}{8}$	7 15	0 19	3 65
918.....	1907..	12 50	31 $\frac{1}{2}$	5 45	0 17	3 55
920.....	1919..	12 50	36 $\frac{3}{8}$	5 80	0 16	4 60
922.....	1921..	12 50	40 $\frac{3}{4}$	6 20	0 15	5 45
923.....	1916..	12 50	38 $\frac{3}{4}$	7 10	0 18	4 00
924.....	1921..	12 50	40 $\frac{3}{4}$	6 75	0 17	4 90
927.....	1923..	12 50	37 $\frac{1}{8}$	7 30	0 19	3 50
934.....	1912..	12 50	36 $\frac{3}{8}$	4 85	0 13	5 55
944.....	1919..	12 50	32 $\frac{1}{2}$	5 65	0 17	3 65

* See Statement WC-8 for Company's explanation.

By Mr. Sommerville:

Q. Let us examine on page 8 department F-5, women's silk dresses?—A. Yes.

Q. Take the first operator?—A. Number 906, hired 31st January, 1933; worked 56 hours, earned \$12.70, an average of 23 cents an hour which was \$3.30 less than the minimum wage because she worked 12 hours overtime.

By Mr. Factor:

Q. And in spite of that she could not earn the minimum wage?—A. The overtime would increase her minimum wage. She earned 20 cents more than the minimum wage for the full week but it is \$3.30 less than the minimum wage because of the overtime.

*By Mr. Sommerville:*Q. Then the next operator?—A. Operator No. 911, worked 53 $\frac{3}{8}$ hours, earned \$11.70, which was \$3.55 below the minimum.

Q. 22 cents an hour?—A. Yes.

Q. Then Section B operators?—A. Section B operators, No. 422, worked $53\frac{1}{2}$ hours, earned \$12.40, average 23 cents an hour, which was \$2.80 less than the minimum.

Q. Operator 406?—A. Hired 26th May, 1933, worked $57\frac{3}{4}$ hours, earned \$9.15 which was \$7.35 less than the minimum.

Q. 16 cents per hour?—A. 16 cents per hour.

Q. And \$7.35 below the minimum?—A. Yes.

Q. That is, even after working 13 hours overtime?—A. She earned \$7.35 less than the minimum for a full week.

By Mr. Factor:

Q. Are they all experienced employees?—A. You can tell that from the weekly minimum rate that is set out in the schedule. If the rate is \$12.50 then the operators are fully experienced, but some of them are shown at \$11 or \$10.

By Mr. Sommerville:

Q. Now then take operator 413?—A. Operator 413 hired 29th May, 1933, worked 39 hours, earned \$7.20, or 18 cents per hour, which was \$3.95 below the minimum.

By Mr. Factor:

Q. Do those figures in any way indicate to you that these operators were in any way slow?—A. You will find, Mr. Factor, that in periods when the factory was busy that they would take on new operators, and you can tell from this schedule whether they are new operators or not from the date that they are hired. Generally those whose wages would be the lowest would be the people who had just been hired.

By Mr. Sommerville:

Q. However, you have got a good many here who are old operators that are in the same class?—A. Yes.

Q. And we will come to those. Take operator 501?—A. Hired 25th May, 1933, worked $57\frac{1}{2}$ hours, earned \$7.45, an average of 13 cents, \$9.05 below the minimum.

Q. Then the next one?—A. Operator 509, hired 22nd May, 1933, worked $57\frac{1}{2}$ hours, earned \$10.80, an average of 19 cents per hour, which is \$5.65 below the minimum.

Q. The next two?—A. Operator 518, hired 27th May, 1933, worked 38 hours, earned \$5.20, an average of 14 cents per hour which is \$4.35 below the minimum. In that case the rate there is \$11; they would not be fully experienced.

Q. Then the next?—A. 520, hired 29th May, 1933, worked $30\frac{1}{4}$ hours, earned \$4, an average of 13 cents per hour which is \$5.90 below the minimum.

By Mr. Heaps:

Q. Were these people hired as experienced workers?—A. The rate is \$12.50; they would be classed as fully experienced workers.

By the Chairman:

Q. Here is another one engaged in 1926, an old timer?—A. Operator 502, hired 1926, worked $57\frac{1}{2}$ hours, earned \$14.45, an average of 25 cents per hour or \$2.05 less than the minimum.

By Mr. Sommerville:

Q. Finishers, take 633?—A. Hired 1917, worked $51\frac{5}{8}$ hours, earned \$10.40 or an average of 20 cents per hour, \$4.35 less than the minimum.

Q. That is an experienced worker of sixteen years. Then the next one?—A. 637, worked $42\frac{1}{8}$ hours, earned \$8.45 or 20 cents an hour, which is \$3.55 below the minimum.

Q. The next one?—A. 643, hired 1909, worked $47\frac{1}{4}$ hours, earned \$10.80, an average of 23 cents per hour, which is \$2.70 less than the minimum.

Q. Then 655?—A. Hired 1921, worked $47\frac{7}{8}$ hours, earned \$10.10, 21 cents an hour, which is \$3.55 less than the minimum.

Q. Then tuckers and hemstitchers on women's silk dresses?—A. No. 282, hired 1928, worked $57\frac{1}{2}$ hours, earned \$13.30, an average of 23 cents an hour, or \$3.15 below the minimum.

Q. And the next one?—A. 278, hired 1927, worked $43\frac{3}{4}$ hours. That would be one full week. Earned \$8.30, average 19 cents an hour, \$3.50 below the minimum.

Q. The next one?—A. 910.

Q. That is the week of 8th July, 1933?—A. That was the largest pay-roll for the year in that department.

Q. Yes?—A. The first operator, 910 worked $43\frac{3}{4}$ hours, earned \$10.05, or 23 cents an hour, \$2.45 below the minimum.

Q. Yes?—A. 911, hired 16th May, 1933, worked 35 hours, earned \$7.55 or 22 cents an hour, \$2.45 below the minimum.

Q. Here is one who has been there for ten years?—A. 422, hired 1924, worked $43\frac{1}{4}$ hours, earned \$10 or 23 cents an hour, which was \$2.35 below the minimum.

Q. Then take 510?—A. Hired 1924, worked $30\frac{5}{8}$ hours, earned \$6.40, an average of 21 cents per hour, \$2.35 below the minimum.

Q. Section G operators on cheap dresses, 152?—A. Operator 152: hired in 1907, worked a full week, earned \$9.45 which was 22 cents an hour or \$3.05 below the minimum.

Q. Here are a number of finishers, at the bottom—637?—A. Hired in 1929, earned \$7.05 which was 21 cents per hour, or \$2.40 below the minimum.

Q. Operator 643?—A. Hired in 1909, paid 35 cents per hour, earned \$7.40 which was \$2.60 below the minimum.

Q. The next?—A. Operator 655: hired in 1921, worked $38\frac{3}{4}$ hours, earned \$8.10 or 21 cents an hour which was \$2.85 below the minimum.

By Mr. Factor:

Q. This 1909 employee: she must be an elderly woman, she has been there apparently 25 years?—A. I presume so.

By Mr. Sommerville:

Q. Here is an individual group of 29 employees engaged in different years since 1909. Take this 1915 one?—A. Operator 635: worked $35\frac{5}{8}$ hours, earned \$7.85, an average of 22 cents an hour, which is \$2.40 less than the minimum. I have not got the ages of these employees.

Q. Take the last one on F-5—that is for the week ending the 19th November, 1933?—A. Yes, this was the smallest pay-roll in that department in the year. Operator 507: this operator was paid 26 cents an hour, and the amount she received for the week was only 65 cents below the minimum. Operator 513: hired in 1914, worked 35 hours, earned \$8.75 or 25 cents per hour, which was \$1.25 below the minimum. Operator 152: hired in 1907, worked 35 hours, earned \$7.25 or 22 cents per hour, which was \$2.45 below the minimum. Operator 169: hired in 1906, was paid at the rate of 24 cents per hour; worked $26\frac{1}{4}$ hours, received \$6.35, which was \$1.15 below the minimum.

Q. Here are some of the finishers, there are seven in this group?—A. Number 625: hired in 1914, worked $26\frac{1}{4}$ hours, earned \$6, which was 23 cents per

hour, or \$1.50 below the minimum. 629: hired in 1928, worked $21\frac{7}{8}$ hours, earned \$5.05 which was at a rate of 23 cents per hour, or \$1.20 below the minimum. 633: hired in 1917, worked one full week, earned \$10.35, which is 24 cents per hour or \$2.15 less than the minimum.

Q. Here is 637?—A. Hired in 1929, worked $26\frac{1}{4}$ hours, earned \$6.25 or 24 cents per hour which was \$1.25 less than the minimum.

Q. Take the one engaged in 1930?—A. 661: worked 35 hours, earned \$8.90 or 25 cents per hour which was \$1.10 below the minimum.

Q. Now you come to women's suits and coats, department F-6?—A. Department F-6, the first one No. 30: hired on the 18th September, 1933, worked $47\frac{3}{4}$ hours and earned \$9.05 or 19 cents per hour which was \$4.60 below the minimum.

Q. Then on page 11?—A. That was for the lowest pay-roll of the year, the first one No. 29: hired in 1923, worked $32\frac{7}{8}$ hours, earned \$7.30 or 22 cents per hour which was \$2.10 below the minimum. No. 37: hired in 1919, worked $32\frac{7}{8}$ hours, earned \$7, or 21 cents per hour, which was \$2.40 below the minimum.

Q. The next one?—A. No. 54: Hired in 1921, worked $31\frac{7}{8}$ hours, earned \$6.45 or 20 cents per hour, which was \$2.65 below the minimum.

Q. Yes, the next one?—A. No. 55: hired in 1908, worked $23\frac{1}{4}$ hours, earned \$4.70 or 20 cents per hour, which was \$1.95 below the minimum.

Q. The next?—A. No. 56: Hired in 1930, worked $24\frac{3}{4}$ hours, earned \$5.05 or 20 cents an hour which was \$2 below the minimum.

Q. The next?—A. No. 58: Hired in 1930, worked 30.5 hours, earned \$5.90 or 19 cents per hour, which was \$2.80 below the minimum.

Q. The next?—A. No. 72: Hired in 1923, worked $16\frac{7}{8}$ hours, earned \$3.15 which was an average of 19 cents per hour and which was \$1.70 below the minimum.

Q. And the next one?—A. Was hired on the 25th January, 1933, worked $33\frac{7}{8}$ hours, earned \$6.55 which was an average of 19 cents per hour, and which was \$3.15 below the minimum.

Q. Just finish there at the bottom?—A. Hired in 1907, worked $28\frac{1}{2}$ hours, received \$5.35, which was an average of 19 cents per hour and which was \$2.70 below the minimum.

Q. That indicates that in that department for that week every one of these employees had been engaged for a number of years except one?—A. Except one.

Q. These were experienced employees and they were all below the minimum by the amounts indicated?—A. Yes.

Mr. YOUNG: What do these figures prove?

Mr. SOMMERVILLE: It just shows the amount that this 20 per cent earned below the minimum.

Mr. YOUNG: It shows that 20 per cent of the employees could not earn the minimum wage working on piecework rates.

The CHAIRMAN: Oh, no.

The WITNESS: This statement indicates what the people received who earned less than the minimum and were not bonused to the minimum. There were other people who earned less than the minimum, but they were bonused up to it.

By Mr. Young:

Q. Were there any who earned over the minimum?—A. Oh, yes, quite a few.

The CHAIRMAN: Of course there would be. Take the next page.

By Mr. Sommerville:

Q. Just before we leave that: we were dealing with F-6; just let me refer back to WC-6—on the 22nd of June, according to statement WC-6 there were 67 employees in this department for that week, and 70 per cent of them failed to

earn the minimum; those were bonused, but those that were not bonused their earnings are shown on statement WC-7?—A. It would mean this: 30 per cent earned more than the minimum, 50 per cent earned less and were bonused to it, and 20 per cent earned less than the minimum and were not paid the minimum.

By Mr. Young:

Q. But those that earned more than the minimum, have you any idea how much more they earned?—A. Some of them earned substantially more than the minimum.

Q. Have you any figures on that?—A. I have not got much detailed information, except statement WC-4, which is a cross section of all employees, that is an average and indicates a cross section; we are dealing with the people that earned less than the minimum rate. Some employees earned very substantially more than the minimum apparently, because they were all higher paid operations, and possibly because they were more skilful.

By Mr. Factor:

Q. Have you any record of the number of employees in relation to the 20 per cent class?—A. The number of employees would vary from week to week, on the average there would be roughly between 200 and 250 employees in that class each week.

By Mr. Sommerville:

Q. Who were not bonused?—A. Who were not bonused.

By Mr. Factor:

Q. In all of the factories?—A. Yes, out of 1,100 people.

Q. Out of 1,150?—A. Between 200 and 250.

Q. Who would earn less than the minimum?—A. Yes.

Q. They were in the 20 per cent class which was not bonused.

By Mr. Sommerville:

Q. That is it. Statement WC-5 shows that for the entire year in all of these departments 45·8 per cent did not earn the minimum; in other words, there were about 500 who did not earn the minimum out of 1,155, and of those a certain number would be bonused to comply with the requirements of the law; and that would leave approximately 200 to 250 who were not bonused each week?—A. Yes.

Mr. FACTOR: And throughout the year 1933 who were in that class?

Mr. SOMMERVILLE: They are not the same ones all the time.

The WITNESS: From week to week the people going into that class would change, it would not be the same people for any two successive weeks.

By Mr. Sommerville:

Q. In that same department, the women's suits department—F-6—here is a week ending the 5th October, 1933, and this is the week of the biggest payroll; that would indicate the busiest week?—A. Yes.

Q. And in this week practically everybody worked full time or more?—A. Yes.

Mr. FACTOR: What is the pay?

The WITNESS: For the first employee, No. 30, weekly minimum wage rate, \$12.50, hours worked 47 $\frac{3}{4}$, amount earned \$9.05, average amount earned per hour 19 cents, deficiency below the minimum wage rate \$4.60.

By Mr. Factor:

Q. What is the next one?—A. The next one, No. 36, hired in 1912, worked 55 $\frac{3}{4}$ hours, earned \$11.70, 21 cents an hour, and \$4.20 below the minimum. The next one, No. 50, was hired in 1908, worked 55 $\frac{3}{4}$ hours, earned \$9.45, 17 cents an hour, \$6.45 less than the minimum. No. 66, hired in 1930, worked 54 $\frac{3}{4}$ hours, earned \$6.15, averaged 11 cents an hour, \$9.50 below the minimum.

Mr. SOMMERVILLE: That employee worked 10 hours overtime, and the total earnings were \$6.15?

The WITNESS: Yes.

Mr. SOMMERVILLE: \$9.50 less than the minimum?

The WITNESS: Yes.

Mr. SOMMERVILLE: Averaged 11 cents an hour.

Mr. KENNEDY (*Winnipeg*): I notice there is a notation which says "See statement WC-8 for company's explanation"?

The WITNESS: That is the next statement, sir.

By Mr. Sommerville:

Q. Give us the next?—A. No. 74, hired 30th September, 1933, worked 44 hours, earned \$7.30, 17 cents an hour, \$3.75 less than the minimum. The next one, hired in 1933, worked 44 hours a week, earned \$3.60, average 8 cents an hour, \$7.45 less than the minimum.

Q. Eight cents per hour? Give us the next one.—A. No. 81, hired 2nd October, 1933, worked 38 hours, earned \$3.70, averaged 10 cents an hour, \$7.15 less than the minimum. No. 89, hired 3rd October, 1933, worked 28 $\frac{1}{4}$ hours, earned \$3.60, 13 cents an hour, \$4.45 less than the minimum. No. 98, hired 4th October, 1933, worked 18 $\frac{1}{2}$ hours, earned \$1.50, 8 cents an hour, \$3.80 less than the minimum.

Q. Now, give us the finishers.—A. No. 106, worked 45 $\frac{1}{2}$ hours, earned \$5.90, averaged 13 cents an hour, \$7.10 less than the minimum. No. 107, hired 4th July, 1933, worked 56 $\frac{3}{4}$ hours, earned \$11.55, averaged 20 cents an hour, \$4.65 less than the minimum. No. 108, hired 3rd August, 1933, worked 56 $\frac{3}{4}$ hours, earned \$10.25, averaged 18 cents an hour, \$5.95 below the minimum. No. 116, hired 14th August, 1933, worked 56 $\frac{3}{4}$ hours, earned \$11.75, 21 cents an hour, \$4.45 below the minimum.

Q. Give us No. 121.—A. Hired 21st August, 1933, worked 56 $\frac{3}{4}$ hours, earned \$7.33, 13 cents an hour, \$8.85 below the minimum.

Q. No. 123?—A. Hired 30th September, 1933, worked 45 $\frac{1}{2}$ hours, earned \$5.55, 12 cents an hour, \$3.80 below the minimum.

Q. No. 126?—A. Hired 30th September, 1933, worked 45 $\frac{1}{2}$ hours, earned \$4.30, averaged 9 cents an hour, \$8.70 below the minimum.

Q. No. 134?—A. Hired 2nd October, 1933, worked 39 hours, earned \$3.70, average 9 cents an hour, \$6.10 below the minimum.

Q. No. 135?—A. Hired 2nd October, 1933, worked 28 $\frac{1}{4}$ hours, earned \$3.25, averaged 12 cents, \$4.80 below the minimum.

Q. Give us the next one?—A. 139, hired in 1915, worked 55 $\frac{3}{4}$ hours, earned \$12.10, 22 cents an hour, \$3.80 below the minimum. No. 142, hired in 1916, worked 56 $\frac{3}{4}$ hours, earned \$11.60, 20 cents an hour, \$4.60 below the minimum.

Q. Take the next page?—A. The most of these cases, as I pointed out before, in a busy week, you would have more individual workers falling into that class. The next one is an average week in point of size. The first employee was hired in 1922, worked 32 hours, earned \$5.60, averaged 18 cents an hour, \$3.55 below the minimum. The next one was hired in 1933, on April 24th, worked 42 $\frac{1}{4}$ hours, earned \$8.45, averaged 20 cents an hour, \$3.60 below the

minimum. The next one was hired in 1932, worked $43\frac{3}{4}$ hours, a full week, earned \$9.40, averaged 21 cents an hour, \$3.10 below the minimum. No. 30 was hired on September 18th, 1933, worked $42\frac{1}{4}$ hours, earned \$6.30, averaged 15 cents, \$5.75 below the minimum. The next one was hired in 1929, worked a full week, earned \$9.50, 21 cents an hour, \$3.10 below the minimum. No. 36, was hired in 1922, worked $26\frac{1}{4}$ hours, earned \$4.50, averaged 17 cents, \$3 below the minimum. Do you want me to read some more?

Q. Yes.—A. No. 50, hired in 1908, worked $26\frac{1}{4}$ hours, earned \$4.30, averaged 16 cents, \$3.40 below the minimum.

Q. Give us No. 44.—A. No. 44, hired on October 10th, 1933, worked $42\frac{1}{4}$ hours, earned \$6, averaged 14 cents, \$6.05 below the minimum.

Q. No. 55?—A. Hired in 1908, worked $43\frac{3}{4}$ hours, earned \$7.85, 18 cents per hour, \$4.65 below the minimum. No. 56, hired in 1930, worked $43\frac{3}{4}$ hours, earned \$9.20, averaged 21 cents, \$3.30 below the minimum.

Q. The next one?—A. No. 60, hired in 1919, worked $34\frac{1}{2}$ hours, earned \$6.80, averaged 20 cents, \$3.05 below the minimum.

Q. 72 and 75?—A. Each hired in 1923, No. 72 worked $43\frac{3}{4}$ hours, earned \$8.35, averaged 19 cents an hour, \$4.15 below the minimum; No. 75 worked $39\frac{3}{8}$ hours, earned \$7.40, averaged 19 cents, \$3.85 below the minimum. No. 84, was hired on March 24, 1933, worked a full week, earned \$6.70, averaged 15 cents per hour, \$5.80 below the minimum.

Mr. FACTOR: I notice in some of them you have the notation, "the company makes some explanation."

The WITNESS: We will come to that later.

Mr. FACTOR: We are coming to that? In each of these classes where an explanation was given, was there an attempt made to find out why the pay was so low?

The WITNESS: We selected about 57 which we referred to the company for explanation.

Mr. SOMMERVILLE: The very lowest?

The WITNESS: Some of the lowest, and some of the oldest workers, and some of the higher workers.

Mr. NASH: In order to give the committee the reasons we took the worst cases.

The WITNESS: Not altogether the worst cases, some of the worst, and some of the older workers.

By Mr. Sommerville:

Q. We are coming to that. On this week of the 2nd November that we have just dealt with in this department F-6, looking back at statement WC-6, it appears that there were 93 employees working that week on an average, and 73 per cent of them failed to earn the minimum wage that is, those who were not bonused, and you have given us the particulars in this last statement?—A. Yes.

Q. Now, with reference to men's clothing. We had a number of cases of men's clothing that were brought to our attention as coming from the department—you will find it on page 14. Will you give us what you found there?—A. The first pay-roll is the largest pay-roll for the year, for the week ending March 16, 1933. Operator 252, hired in 1928, worked $52\frac{1}{2}$ hours, earned \$11.40, 22 cents per hour, \$3.60 below the minimum.

Q. That is working on coats?—A. Yes.

Q. These operators you are mentioning now are working on coats. Take next, operator 260?—A. Operator 260, hired in 1926, worked $53\frac{3}{4}$ hours, earned \$10.10, 18 cents per hour, \$5.25 below the minimum.

By Mr. Factor:

Q. Was there an explanation from the company of this very low pay, 18 cents per hour, for this operator?—A. No. It is only those that are marked with an asterisk there that are referred to.

By Mr. Sommerville:

Q. This is an experienced operator, being there seven or eight years apparently. What is the next?—A. Operator 273, hired in 1932, not fully experienced, worked $52\frac{3}{4}$ hours, earned \$12.25, 23 cents per hour, \$1 below the minimum.

Q. The next is operators working on trousers?—A. The first one, No. 434, hired February 23, 1933, inexperienced worker, worked $56\frac{3}{4}$ hours, earned \$6.95, 12 cents per hour, \$6 below the minimum. The next one is also inexperienced, operator 443, hired in January, 1933, worked $56\frac{3}{4}$ hours, earned \$11.25 or 20 cents per hour. It was \$1.70 below the minimum.

Q. Then operators on vests?—A. Operator No. 347, hired in 1927, worked $54\frac{3}{4}$ hours, earned \$13.15, 24 cents per hour, \$2.50 below the minimum.

Q. Here are operators on coats?—A. Section "N", operators on coats: Operator No. 707, hired in 1916, worked $51\frac{3}{4}$ hours, earned \$13.30, 26 cents per hour, \$1.45 below the minimum. No. 708, hired January 20, 1933, worked $56\frac{3}{4}$ hours, earned \$11.10, 20 cents per hour, \$5.10 below the minimum.

Q. And No. 709?—A. No. 709, hired in 1915, worked $56\frac{3}{4}$ hours, earned \$13, 23 cents per hour, or \$3.20 below the minimum.

Q. No. 727?—A. No. 727, hired in 1929, worked $55\frac{3}{4}$ hours, earned \$9.65, 17 cents per hour, or \$6.25 less than the minimum.

Q. And No. 738?—A. No. 738, hired January 25, 1933, worked $56\frac{3}{4}$ hours, earned \$13.95, 25 cents per hour or \$2.25 less than the minimum.

Q. No. 742?—A. No. 742, hired in 1926, worked $53\frac{1}{4}$ hours, earned \$12.40, 23 cents per hour or \$2.80 less than the minimum.

Q. The next seven are experienced operators who have been there five or six years?—A. Yes, and range from 95 cents up to \$3.35 below the minimum.

Q. Below the minimum?—A. Yes, mostly working overtime.

Q. Every one of them working overtime?—A. Yes.

Mr. ILSLEY: It does not make any difference.

Mr. SOMMERVILLE: No, but it shows the relationship.

The CHAIRMAN: Full time?

Mr. SOMMERVILLE: Full time.

The WITNESS: I mean, it shows the relationship only in that the longer they work—if their earnings are running below the minimum—the more you might expect them to be, that is all.

By Mr. Sommerville:

Q. Take No. 777?—A. No. 777, hired in 1924, worked $56\frac{3}{4}$ hours, earned \$10.70, 19 cents per hour, \$5.50 below the minimum.

Q. No. 785?—A. No. 785, hired in 1932, not fully experienced, worked $56\frac{3}{4}$ hours, earned \$11.35, 20 cents per hour or \$2.90 less than the minimum.

Q. Now, for the week of the 14th of September, 1933?—A. That is an average sized pay-roll for that department. For instance, in Section "N" operators on coats, the first 15 people worked within an hour of full time. They were all hired from 1918 till 1932, no new workers there. Their earnings averaged from 18 cents per hour to 27 cents per hour, and they were from 70 cents to \$4.75 less than the minimum.

Q. That is for 15 experienced operators?—A. Yes, roughly about 15.

Q. And below that, take No. 785?—A. No. 785, hired in 1932, a full week, earned \$9.30, 21 cents an hour, \$3.20 less than the minimum.

Q. Go down to some of those others, No. 801?—A. No. 801, hired September 11, 1933, worked 30½ hours, earned \$4.10, 13 cents per hour, \$4.65 less than the minimum.

Q. Take No. 808?—A. No. 808, hired in 1926, worked a full week, earned \$9.15, 21 cents per hour, \$3.35 less than the minimum.

Q. No. 813?—A. No. 813, hired September 11, 1933, worked 30½ hours, earned \$4.40, 18 cents per hour, \$3.35 less than the minimum.

Q. And the next one?—A. No. 814, hired September 11, 1933, worked the same length of time, earned \$3.40, 11 cents per hour, \$5.35 less than the minimum.

Q. Then the next one?—A. No. 817, hired March 24, 1933, not experienced, worked a full week, earned \$9.15, 21 cents per hour, which was only 85 cents less than the minimum.

Q. Then the third week in the men's clothing, factory F-7?—A. That is the smallest pay-roll of the year.

Q. For the week ending November 30, 1933; that is the smallest pay-roll?—A. Yes. Here are Section "N" operators again.

Q. Take Section "E" operators, on vests?—A. No. 354, hired in 1927, worked 21½ hours, earned \$4, 18 cents per hour, \$2.25 less than the minimum.

Q. The next is operators on trousers?—A. No. 414, hired in 1912, worked 13½ hours, earned \$2.10, 16 cents per hour, \$1.65 less than the minimum.

Q. And the next one?—A. No. 432, hired in 1928, worked 21½ hours, earned \$3.10, 14 cents per hour, \$3.15 less than the minimum.

Q. And the other two in that department?—A. No. 433, hired in 1930, worked 21½ hours, earned \$4.55, 21 cents per hour, \$1.70 below the minimum; No. 448, hired in 1926, worked 17½ hours, earned \$3.70, 21 cents an hour, \$1.30 below the minimum.

Q. Then section "N", operators on coats, take the first one?—A. The first one, No. 705, was hired on October 6, 1933, worked 30½ hours, earned \$5.75, 19 cents per hour, \$3.10 below the minimum. About the next ten or twelve are all experienced, hired anywhere from 1919 on, working comparatively short time, earnings average from 15 cents per hour to 23 cents per hour, with a deficiency below the minimum from \$1.25 to \$3.

Q. That is a fair indication of the conditions in a slack week, with experienced operators?—A. Of the 20 per cent group.

Q. Of those who were in the 20 per cent class, not bonused?—A. Yes.

The CHAIRMAN: Shall we stop now?

Mr. SOMMERVILLE: I think we could very well do so, before going on with women's dresses.

The CHAIRMAN: We will adjourn until 3.30.

The committee adjourned at 12.50 p.m., to meet again at 3.30 p.m.

AFTERNOON SESSION

G. G. RICHARDSON, examination resumed.

By Mr. Sommerville:

Q. Page 17, Mr. Richardson, dealing with department F-8, women's dresses on which we had the mark-ups yesterday, what is this?—A. This is a continuation of the same schedule that we left off with this morning showing the earnings of women piece workers.

Q. The first ten were experienced operators who had been with the company from?—A. 1915 to 1930.

Q. Engaged during those periods?—A. Yes, working from 35 to 51 hours, with average earnings from 18 cents to 25 cents per hour with a deficiency below the minimum of from \$1.55 to \$3.70.

Q. And these were operators on ladies dresses?—A. Yes.

Q. Then section "B", operators on blouses and skirts?—A. Six operators hired from 1915 to 1931, working from 30 to 51 hours earned from 15 cents to 25 cents per hour, with a deficiency below the minimum of from \$1.60 to \$4.50.

Q. Yes, and then section "C", women operators on dresses?—A. Yes, four of whom were hired in 1931, the others being hired from 1919 to 1929; they worked from about 22 hours up to full time, and earned from 17 cents to 25 cents per hour, and their deficiency below the minimum wage ran from \$1.45 to \$4.50.

Q. And these were all experienced old time operators?—A. Yes.

Q. Then Section "G," pressing and finishing?—A. There were four operators there hired from 1908 to 1927, working from 26 to 51 hours with hourly rates of from 19 cents to 25 cents which were from \$1.90 to \$2.50 below the minimum.

Q. That is during the week of 16th March, 1933?—A. Yes, which was an averaged pay-roll for that department.

Q. And reflects the condition among those who were not bonused?—A. Yes. The next page shows the pay-roll for week ending 29th June, 1933, which was the largest pay-roll in that department, and the first three are more experienced operators. The first, 164, hired in 1923, earned \$13.75, or 24 cents per hour for 57½ hours, which was \$2.60 below the minimum. The next, 174, worked 36½ hours, earned \$7.20, average 20 cents per hour, which was \$3.15 below the minimum.

Q. And the next one?—A. The next one is approximately the same. No. 232, worked 52½ hours, earned \$7.90, average 15 cents per hour which was \$7 below the minimum.

Q. And 236?—A. No. 236 worked 50¾ hours, earned \$11.50 or 23 cents per hour which was \$2.90 below the minimum.

Q. 253?—A. Hired in 1916, worked 57½ hours, earned \$12.10 or 23 cents per hour which was \$3 below the minimum.

Q. 256?—A. No. 256 hired in 1926, worked 51¾ hours, earned \$9.90 or 19 cents per hour, \$4.85 below the minimum.

Q. And 259?—A. 259, hired 24th June, 1933, worked 48¾ hours, earned \$6 or 12 cents per hour, \$7.90 below the minimum.

Q. 269?—A. No. 269, hired in 1923, worked 51¾ hours, earned \$8.35 or 16 cents per hour, or \$2.95 below the minimum.

Q. And the next, 274?—A. No. 274, worked 49½ hours, earned \$9.35 or 19 cents per hour, \$4.90 below the minimum.

Q. Then 277?—A. No. 277, hired in 1926, worked 42¾ hours, earned \$7.55 or 18 cents per hour, \$4.55 below the minimum.

Q. Well then, here are section "B" operators on blouses and skirts?—A. There are four operators there hired from 1915 to 1929, who worked from 50 to 58 hours and earned from 20 to 24 cents per hour which was from \$2.55 to \$5 below the minimum.

Q. Then the next is section "C" operators on dresses?—A. The first, No. 403, hired in 1928, worked 58½ hours, earned \$14.05 or 24 cents per hour, \$2.55 below the minimum.

Q. And 423?—A. No. 423 hired 29th May, 1933, worked 58½ hours, earned \$8.90 or 15 cents per hour, \$5.75 below the minimum. In that case they were not fully experienced.

Q. And 427?—A. No. 427, hired in 1929, earned \$12.60 or 24 cents per hour, \$2.50 below the minimum.

Q. Then 429?—A. No. 429 hired in 1929, earned \$12.20 or 22 cents per hour, \$3.70 below the minimum.

Q. Then the next group of operators, section "C," operators on dresses?—A. These were all hired in 1933 and worked from 33½ hours to 55½ hours and earned from 10 cents to 23 cents which was from \$2.40 to \$6.10 below the minimum.

Q. And the next group?—A. Section "G," pressing and finishing. The first three are old employees, from 1908 to 1917, and worked from 49 to 51 hours, and earned 20 cents to 22 cents per hour which was from \$3.40 to \$4.30 below the minimum.

By the Chairman:

Q. Mr. Richardson, perhaps you could tell me this: Some of these operators, for instance, worked 57 hours and 58 hours, 56 hours, and so on; take one at 57 hours, that would be 13 hours overtime, practically 2½ hours overtime in a day. Is that in accordance with the Minimum Wage Law?—A. The Minimum Wage Law does not, I believe, restrict the total number of hours. I think that is governed by the Factory Act which only limits it to 60 hours per week.

Q. It is the Factory Act which controls that?—A. Yes, the length of time they work.

Mr. SOMMERVILLE: They cannot work more than 60 hours without a special permit.

Mr. FACTOR: That is, the Minimum Wage Board established a minimum wage but they have not established maximum hours?

The WITNESS: Well I think that had previously been enacted in the factory itself.

Mr. SOMMERVILLE: I think they have under the legislation this year established maximum hours.

Mr. HEAPS: In section 11 of the Minimum Wage Act it does say: That the board may establish the maximum number of hours per week but I do not know that that has been done.

Mr. SOMMERVILLE: I believe in one of the amendments this year they have established maximum hours.

Mr. FACTOR: I do not think so, Mr. Sommerville.

The CHAIRMAN: I will look it up in the meantime.

By Mr. Sommerville:

Q. Then in this same department, F-8, for the week ending 24th August, 1933?—A. That is the smallest pay-roll for the year in that department.

Q. Yes, \$3,006.15?—A. Yes. Under section "C" operators, for example, the first seven employees worked from 35 to 47 hours, averaging from 21 cents to 22 cents per hour which was from \$2.25 to \$3 below the minimum.

Q. Those people had been hired in earlier years, with one exception hired in 1933.

Q. Yes, section "B" operators?—A. Section "B" operators, four old employees worked from 38 to 46½ hours, earnings averaged from 20 to 23 cents per hour, or from \$2.05 to \$2.95 below the minimum.

Q. Section "A," operators on dresses?—A. The first two are old employees, and earned from 19 to 22 cents per hour, really a full time week, and the deficiency was from \$2.50 to \$3.75 below the minimum. The next four were new employees and worked practically full time, averaging from 15 cents to 21 cents per hour, or from \$2.95 to \$5.85 below the minimum.

Q. And then section "G," pressers and finishers?—A. The first three were hired from 1913 to 1927, and worked from 40½ hours to 47½ hours, averaging in each case 22 cents per hour, or from \$2.40 to \$2.60 below the average. The next one, 1214, hired 12th June, 1933, worked 45½ hours, earned \$8.90 or an

average of 19 cents per hour, \$3.70 below the minimum. The next, hired in 1931, worked 46 $\frac{3}{4}$ hours, earned \$8.45 or 18 cents per hour, \$4.45 below the minimum.

The next page, 21, is a very small department—furs. There are, I believe, only a dozen people in that department.

Q. That is department F-9, a small department?—A. Yes. There are only eight or nine people working in that department.

Q. And fur workers generally have a larger rate of pay than operators on other goods?—A. I have not got the average, there were so few of them.

Q. But this shows those who were not increased to the minimum rate?—A. Yes, there were some going below in each of the three weeks, earning from 24 cents to 28 cents per hour average earnings.

Q. Yes, and all but one were experienced?—A. Not fully experienced. The next department is ties, mufflers, and caps.

Q. Department F-10?—A. Yes, in which there are around thirty employees only. The first pay-roll is the highest pay-roll of the year in which there was a total of seven people below the minimum wage whose earnings averaged from 12 cents to 28 cents per hour, the lowest being an employee who was hired on the 8th November, 1933, and worked only two or three days.

Q. Yes. The next week?—A. Five people earning from 24 cents to 27 cents per hour, this is an average week, five employees averaging from 24 cents to 27 cents per hour.

Q. Old employees?—A. Yes, in each case. And the same for the last pay-roll, the second of March, which is the lowest of the year; six employees all hired in 1932 or previous years, one earning 15 cents per hour, the others from 22 cents to 26 cents.

Q. Next, department F-11?—A. That is the suitcase department and it is a very small department again, only 9 or 10 employees in it.

Q. Yes, that shows that the average earnings of these employees was from 24 cents to 27 cents per hour the first week; and in March of 1933 they got from 14 cents to 18 cents per hour; and on the fifth of October from 23 to 26 cents per hour?—A. There was some short time in there.

Q. Women's woollen dresses, department F-12?—A. There were around 125 people in this department. The first week is an averaged sized pay-roll; all but two of the section B operators listed, that would be from 10 to 12 operators, were hired in 1919 and 1920; their earnings averaged from 14 cents to 25 cents per hour, and their deficiency below the minimum was from \$1.30 to \$3.25.

Q. These are operators on dresses?—A. Operators on dresses.

Q. Section B, finishers?—A. This is in the next week, the 7th August, which was the lowest pay-roll.

Q. Yes?—A. Section B operators on dresses again, there are three people in that list who were hired in 1933, and seven or eight who were older employees, and they all average from 20 cents to 26 cents per hour.

Q. And they were below the minimum?—A. From \$1.15 to—

The CHAIRMAN: Seven of them had a full week.

The WITNESS: Yes, some of them were on shorter time.

Mr. SOMMERVILLE: They were below the minimum from \$1.15 to \$2.75.

The WITNESS: Yes.

By the Chairman:

Q. Here is a full week, the next one?—A. The last one is the largest pay-roll, 105 were hired in 1916 and 1930; all worked full time or longer, averaged from 18 cents to 24 cents per hour which was from \$2.30 to \$5.90 below the minimum.

Q. Yes?—A. No. 723: hired on the 17th July, 1933, worked $56\frac{3}{4}$ hours, averaged 21 cents per hour which was \$4 below minimum.

Q. Yes?—A. The next four were employees hired from 1924 to 1927; all worked overtime and earned from 22 cents to 24 cents per hour, which was from \$2.55 to \$3 below the minimum.

Q. Yes, and then the remaining?—A. About 8 to 10 employees all hired in 1933 working full weeks or longer, and earning in the lowest case 12 cents an hour, which was \$6.50 below minimum; in the other case they got from 19 cents to 24 cents per hour, or from \$2.20 to \$4.15 below the minimum.

Q. Then here is a department on children's coats?—A. Yes, department F-15.

Q. That was a very profitable department.

The CHAIRMAN: A very full week too, wasn't it?

The WITNESS: There were about 125 employees on the average in that department; the first week is the largest pay-roll of the year, and all of the employees were hired prior to 1933.

Q. How many were there on this department?—A. There were about, roughly, 15 in the finishers; earning from 18 to 22 cents per hour, which is from \$2.70 to \$5.65 below the minimum. The next group are operators in the same department: Eight employees all hired prior to 1931, all working overtime, earning from 17 cents to 23 cents per hour, which is from \$2.70 to \$6.35 less than the minimum.

By Mr. Heaps:

Q. I see there is one there who was hired in 1901?—A. Yes, No. 168.

Q. She has been there evidently quite a long time, 33 years?—A. Yes.

Q. I am just wondering if she would be eligible for that pension set aside for the directors?—A. I could not tell you.

The CHAIRMAN: That is worth taking into consideration. We will elect her to the Board next year.

Mr. HEAPS: I see she earned around \$9 a week.

The CHAIRMAN: She worked 50 odd hours too, I notice; she worked 53 hours, so she is not done yet. The next week is a light one.

The WITNESS: The next page is a small week. All except one operator on that page was hired prior to 1933.

By Mr. Sommerville:

Q. There are how many on this page?—A. Roughly between 20 and 25.

Q. Yes.—A. And the hourly rate of earnings range reading from the top 12 cents, 16, 16, 12, 17, 20, 17, 8, 31, 23, and so on. The lowest group was from 13 cents to 26 cents per hour.

Q. This covers operators, finishers and basters on children's coats?—A. Yes.

By the Chairman:

Q. But you did not indicate the amount those rates were below the minimum—from 95 cents to \$3?—A. Yes, it was a fairly short week with small runs of work.

Q. The next week?—A. Was a medium sized pay-roll.

Q. It looks like a pretty full week?—A. Working approximately full time. In the first group, coat operators, there are five hired prior to 1933 whose earnings were from 17 cents to 22 cents per hour, and from \$2.85 to \$4.45 below the minimum. Fur finishers, all hired between 1900 and 1910, earnings were from 21 cents per hour, which is from \$3.20 to \$3.60 below the minimum. In the following section all the operators but one out of twelve were hired prior to

1933; their average earnings are from 13 cents to 19 cents per hour, and that was from \$2.90 to \$5.70 less than the minimum. That is the end of schedule WC-7.

By Mr. Sommerville:

Q. Wait a minute, before you go on will you show us now how the special money was made up?—A. Yes.

Q. That is on statement WC-9?—A. That is the second statement over.

By Mr. Factor:

Q. Before you come to that: the list that you have read to us is of the 20 per cent of the employees who are not bonused?—A. Yes, and we have shown three weeks in each department.

Q. Three typical weeks. Could you in any way inform me if the company had paid the minimum wage during 1933, what the cost would have been to the company?—A. Approximately \$35,000.

Q. \$35,000 for the year 1933?

By Mr. Sommerville:

Q. That is the amount that was saved?—A. The amount that was directly saved.

Q. Directly saved on those employees who were below the minimum wage and not bonused?—A. Yes.

Q. That \$35,000 does not refer at all to the employees who were bonused?—A. No, the total deficiency to all employees below the minimum wage was \$51,012; of that the company paid \$16,426 to bring 80 per cent up; making a direct saving by applying the 80 per cent clause of \$34,586.

By the Chairman:

Q. Let me get that clear: In other words, that would have complied with the law had the 100 per cent minimum wage applied; but it does not mean that it would have brought them up to \$12.50 a week; it was merely to comply with the Minimum Wage law?—A. To the rate of \$12.50.

By Mr. Heaps:

Q. To an hourly rate based on \$12.50 a week?—A. Yes; the company did comply with the law as it stood, of course.

By Mr. Sommerville:

Q. In addition to that I think you have put another comment in your narrative: "It is possible that the company will also further benefit from the application of this clause by obtaining an increased production from workers exerting a greater effort to earn the minimum rates and so reduce the amount of special money to be paid"?—A. I think that is possible.

Mr. FACTOR: That affects the 80 per cent.

Mr. SOMMERVILLE: That affects everybody—making a greater effort to produce.

Mr. FACTOR: It does seem to me, without trying to pass any comment, that this huge organization could have done that and not produced the chapter we have just read.

By Mr. Sommerville:

Q. This is for the Toronto stores alone?—A. For the Toronto factory alone, that \$35,000 refers to the Toronto factory.

By the Chairman:

Q. What other factories have they?—A. They have one in Montreal and one in St. John.

Q. Have you a similar story for St. John and Montreal?—A. I have a memorandum dealing with each one.

By Mr. Sommerville:

Q. Just before you leave this question: page 28 of Statement WC-7 affords an illustration of how that special money was made up, and I am sure that it would be interesting to the members of the committee?—A. You mean statement WC-9, don't you?

Q. Yes, that is it?—A. That statement shows the people who were bonused in one particular department for one week.

Q. Is that printed?—A. No, it is not printed, it merely shows that in that week the company paid amounts from 25 cents up to \$1.70 to increase individual employees to the minimum wage.

Mr. SOMMERVILLE: Statement WC-9 will be entered in the record at this point.

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-6, WOMEN'S AND MISSES' SUITS, ETC.

Statement showing details of amounts paid to increase employees to the minimum wage for week ending 30th November 1933

Number	Section	Date hired	Weekly minimum wage rate		Hours worked	Amount earned		Average Amount earned per hour	Special money paid to increase to minimum rates	
			\$	cts.		\$	cts.	cts.	\$	cts.
Operators—										
18.....	E	1927....	12	50	17½	3	90	22.3	1	10
19.....	E	1922....	12	50	14	2	50	17.8	1	50
21.....	E	1924....	12	50	33	8	40	25.5	1	05
22.....	E	April 24, 1933....	12	50	13½	2	70	20.6	1	05
23.....	E	Jan. 6, 1930....	12	50	20¾	5	50	27.0	0	30
25.....	E	Mar. 14, 1932....	12	50	35	8	55	24.4	1	45
28.....	E	1928....	12	50	14½	3	65	25.2	0	50
29.....	E	1923....	12	50	42½	11	10	26.3	0	95
31.....	E	July 20, 1931....	12	50	39¾	11	00	27.9	0	25
33.....	E	Mar. 14, 1932....	12	50	13½	2	90	22.1	0	85
36.....	E	1912....	12	50	13½	2	40	18.3	1	35
37.....	E	1919....	12	50	30½	7	10	23.2	0	40
38.....	E	1924....	12	50	26½	6	80	25.9	0	70
39.....	E	Mar. 27, 1928....	12	50	13½	2	60	19.8	1	15
40.....	E	Sept. 14, 1932....	12	50	13½	2	80	21.3	0	95
41.....	E	Aug. 16, 1933....	12	50	11½	3	00	25.8	0	30
42.....	E	1923....	12	50	17½	4	10	23.4	0	90
43.....	E	Feb. 11, 1929....	12	50	35	8	85	25.3	1	15
46.....	E	July 17, 1933....	12	50	4¾	0	75	17.1	0	50
48.....	E	Feb. 16, 1932....	12	50	13½	3	05	23.2	0	70
49.....	E	June 26, 1914....	12	50	38¾	10	00	26.1	0	95
52.....	E	Oct. 2, 1930....	12	50	13½	3	25	24.8	0	50
54.....	E	1921....	12	50	30¾	7	70	25.1	1	05
58.....	E	Oct. 3, 1930....	12	50	33½	8	10	24.2	1	45
59.....	E	1928....	12	50	22¾	5	55	24.3	1	00
62.....	E	July 3, 1929....	12	50	13½	2	50	19.0	1	25
63.....	E	Oct. 10, 1930....	12	50	21¾	5	40	24.7	0	85
64.....	E	1926....	12	50	13½	2	95	22.5	0	80
65.....	E	Sept. 3, 1930....	12	50	13½	2	70	20.6	1	05
67.....	E	Jan. 24, 1930....	12	50	13½	2	40	18.3	1	35
68.....	E	Oct. 7, 1933....	12	50	13½	2	70	20.6	1	05
69.....	E	Nov. 9, 1932....	12	50	13½	3	10	23.6	0	65
71.....	E	Feb. 1, 1932....	12	50	35	8	30	23.7	1	70
72.....	E	1923....	12	50	13½	2	65	20.2	1	10
73.....	E	Jan. 25, 1933....	12	50	29½	6	85	23.5	1	45
74.....	E	Sept. 30, 1933....	11	00	13½	2	40	18.3	0	90
77.....	E	July 18, 1929....	12	50	13½	2	85	21.7	0	90
80.....	E	Sept. 30, 1933....	12	50	13½	2	85	21.7	0	90
88.....	E	Oct. 2, 1933....	12	50	13½	2	45	18.7	1	30
Finishers—										
101.....	E	1913....	12	50	35	8	60	24.6	1	40
102.....	E	1917....	12	50	26½	6	35	24.2	1	15
104.....	E	1919....	12	50	30¾	7	25	23.7	1	50
107.....	E	July 4, 1933....	12	50	4¾	0	60	13.7	0	65
110.....	E	1907....	12	50	26½	6	80	25.9	0	70
111.....	E	Jan. 29, 1932....	12	50	26½	6	05	23.1	1	45
114.....	E	1918....	12	50	26½	6	35	24.2	1	15
117.....	E	1905....	12	50	21¾	4	55	20.8	1	70
118.....	E	July 20, 1933....	12	50	4¾	0	65	14.9	0	60
120.....	E	1912....	12	50	47¾	12	55	26.3	1	10
122.....	E	1903....	12	50	39¾	10	25	26.0	1	00
127.....	E	1912....	12	50	26½	6	40	24.4	1	10
130.....	E	1914....	12	50	47¾	13	35	28.0	0	30
136.....	E	Jan. 31, 1930....	12	50	20¾	4	10	20.1	1	70
142.....	E	June 20, 1916....	12	50	20¾	4	30	21.1	1	50

STATEMENT No. WC-9

THE T. EATON CO. LIMITED

FACTORY DEPARTMENT F-6, WOMEN'S AND MISSES' SUITS, ETC.

Statement showing employees who earned less than the minimum rate of wage and were not increased thereto
For week ending 30th November 1933

Number	Section	Date hired	Weekly minimum wage rate	Hours worked	Amount earned	Average Amount earned per hour	Deficiency below minimum not paid
			\$ cts.		\$ cts.	cts.	\$ cts.
Operators—							
24.....	E	1910....	12 50	30 ⁵ ₄	6 60	21.6	2 15
27.....	E	July 10, 1933....	12 50	13 ¹ ₂	1 70	13.0	2 05
30.....	E	Sept. 18, 1933....	12 50	13 ¹ ₂	1 90	14.5	1 85
35.....	E	Feb. 7, 1929....	12 50	37 ¹ ₂	8 55	22.6	2 25
50.....	E	1908....	12 50	13 ¹ ₂	1 80	13.7	1 95
55.....	E	1908....	12 50	30 ⁵ ₄	6 80	22.2	1 95
56.....	E	Jan. 16, 1930....	12 50	39 ¹ ₂	7 65	19.4	3 60
57.....	E	1927....	12 50	35	8 10	23.1	1 90
60.....	E	1919....	12 50	19 ⁷ ₂	3 50	17.6	2 20
70.....	E	1917....	12 50	39 ¹ ₂	8 65	22.0	2 60
75.....	E	1923....	12 50	38 ¹ ₂	7 50	19.5	3 45
84.....	E	Mar. 24, 1933....	12 50	20 ³ ₄	3 80	18.7	2 00
Finishers—							
105.....	E	Jan. 25, 1932....	12 50	26 ¹ ₂	5 55	21.1	1 95
116.....	E	Aug. 14, 1933....	12 50	24 ² ₄	5 00	20.2	2 10
124.....	E	1910....	12 50	43 ¹ ₂	9 30	21.3	3 20
139.....	E	1915....	12 50	24 ¹ ₂	4 95	20.0	2 10

By Mr. Sommerville:

Q. Just to indicate how that works out, will you give some of the amounts, so that members of the committee will be familiar with it?—A. This is department F-6, Women's and Misses' Suits, for the week ending November 30, 1933.

Q. We have all read the statement, that in this department for the week ending November 30th, there were 80 employees, and 87 per cent of them failed to earn the minimum wage?—A. Yes.

Q. Now then, with respect to this department in that week, this statement shows who was selected for the bonus?—A. Yes.

Q. And the amount they were paid to get into the 80 per cent class—A. Yes.

Q. The first operator—just read?—A. Number 18: Hired in 1927, worked 17½ hours, earned \$3.90, an average of 22.3 cents per hour, and they received \$1.10 in special moneys.

By Mr. Factor:

Q. Total earnings together with bonus amounted to \$5?—A. Yes.

By Mr. Sommerville:

Q. This is an employee who only worked 17½ hours that week?—A. Yes, and only earned 22.3 cents per hour.

By Mr. Heaps:

Q. Do you know, Mr. Richardson, how many hours this particular employee spent in the factory waiting before she was able to work the 17½ hours you have indicated?—A. Do you mean the number of days?

Mr. FACTOR: Stand-by.

By Mr. Heaps:

Q. She may come in to the factory at nine o'clock in the morning, and be there until five in the evening, and she may possibly work only 3 hours in that day?—A. No.

Q. Is there any record kept of the actual time?—A. Yes, the employees' time is all recorded on a clock card; that is the time which is shown here, the time that they are in the plant.

Q. Do they work all the time they are in the plant?

Mr. SOMMERVILLE: Mostly.

The WITNESS: There may be some lost time waiting for work. The Minimum Wage Act provides that an employee shall be paid for the time spent in waiting for work.

Mr. FACTOR: Mr. Heaps means, is there any stand-by system, waiting for work?

The WITNESS: No.

By Mr. Sommerville:

Q. The first one worked 17½ hours; give us the next one?—A. The next one worked 14 hours, earned 17·8 cents an hour, and received \$1.50 special money.

Q. The amount earned was \$2.50?—A. Yes, for that week.

Mr. FACTOR: Excuse me. I wonder if you could show from your records what the actual earnings of operator 18 were during 1933?

The WITNESS: I am afraid I cannot give it to you for all the operators in the factory; there are over a thousand. I have it for some specific operators which we referred to the company for an explanation. That is on statement 8, that we just turned over for a moment.

By Mr. Factor:

Q. You have not it with respect to those operators?—A. No.

Q. On WC. 9?—A. WC. 9 is to show the amounts added and WC. 9-A shows the people who were not increased to the minimum, and the amounts they were below. It is to illustrate the method of selection of employees who were to be bonused.

Q. For a single week?—A. Just a single week.

Q. I thought perhaps you could present a picture to us of the amount this operator would earn during the year 1933?—A. I cannot give it to you for those particular operators.

By Mr. Sommerville:

Q. Let us take the second one. That operator earned 17·8 cents per hour?—A. Yes.

Q. On the next sheet, WC. 9-A, you have operator 24, who earned 21·6 cents?—A. Yes.

Q. Per hour, but she was not bonused?—A. No.

Q. Why?—A. She was \$2.15 below the minimum, and since the company selected those to whom it would pay a smaller amount, she was not bonused, and the other operator was.

Q. In other words, the operator who was bonused, worked only 14 hours, and the amount required to bonus that operator was \$1.50?—A. Yes.

Q. While the operator who was not bonused worked 30 hours and earned 21 cents an hour?—A. Yes.

Q. It would have required more money to bonus her?—A. Yes; that illustrates the general condition.

Q. Take those further down. Here are some who worked 14½ hours?—A. An illustration, for instance, would be No. 49, hired in 1914—just a moment,

No. 46, hired in 1932, worked only 4 hours and received 50 cents to be brought up to the minimum, whereas on statement WC-9A, operator No. 57 worked 35 hours and earned 23·1 cents per hour, but was not increased. I think that is the point you make.

Q. That is the principle.—A. Yes.

By Mr. Factor:

Q. The minimum wage regulations merely provide that 80 per cent in number of the employees receiving the minimum wage brings the factory in conformity with the law?—A. Yes.

Q. Because of it, it enables the manufacturer to select on any basis they saw fit.

The CHAIRMAN: The less costly were selected to comply with the 80 per cent. At that point, may I read to the committee the clause of the act, because to my mind it is something the committee should bear in mind when we are considering the matter later. Section 11 of the Act, subsection 2, is, I gather, the governing section, and it reads as follows:—

A wage lower than the minimum wage may also be established by the board for employees classified as handicapped or part-time employees or as apprentices.

For the moment, I am speaking of the theory. The theory was to provide for a sort of miscellaneous group who may be handicapped, or possibly not 100 per cent competent or a little slow, and so forth. Then, in another subsection here, dealing with the regulations, it reads as follows:—

The Lieutenant-Governor in Council may make regulations,

(e) defining and limiting the number of handicapped employees, part-time employees and apprentices to whom a wage lower than the minimum wage fixed by the Minimum Wage Board may be payable by any employer."

Now, I understand, a sort of blanket order was issued permitting 20 per cent, rather than specifying in detail the number of the different classes, handicapped, part-time, or apprentices. It is taking advantage of that arbitrary blanket provision of 20 per cent that gives us the results stated. Is that a correct statement?

The WITNESS: I am not quite sure that it is, sir. I am getting my copy of the regulations here. I believe that there are specific regulations covering handicapped workers and inexperienced workers. The regulations under which it is permissible, reads as follows:—

Subsection 3, piece work. The wages paid to each time worker and to each piece worker during the first six months' employment in the industry shall conform to this order. In the case of piece workers of more than six months' experience, it is sufficient if at least 80 per cent receive wages conformable to this order.

The CHAIRMAN: You are reading from the order based on the act?

The WITNESS: I am reading from the order. I believe there are other specific orders governing handicapped employees.

Mr. ILSLEY: Is there any section in the act under which the regulation you have just read was made?

The WITNESS: I cannot say.

Mr. ILSLEY: Or may have been made. That is the Chairman's point.

The CHAIRMAN: Exactly. Let us keep that in mind.

Mr. FACTOR: I do not think, Mr. Chairman, that you are perfectly right about that, with all due respect. I think the Minimum Wage Board merely permitted the manufacturers to comply with the law by paying 80 per cent of their help the minimum wage. It was an arbitrary order. Why they did that, I do not know; but it does seem to me if the Minimum Wage Board passed a regulation requesting manufacturers to pay 100 per cent of the minimum wage, they would have to do it.

Mr. YOUNG: What would you do with those who could not earn it, dismiss them?

Mr. FACTOR: No, there is a provision where they can get special terms for those handicapped workers.

Mr. ILSLEY: The point the Chairman has made is, that the section does not contemplate manipulation; that is to say, paying such piece work wages that 45·8 per cent of the employees cannot earn them.

The WITNESS: In that connection an amending regulation was issued under date of April this year, which changed that.

By Mr. Sommerville:

Q. On April of this year a new regulation was passed by the Minimum Wage Board which required that the piece work rate be fixed at such a rate that at least 80 per cent of the employees must earn \$12.50?—A. Yes.

Mr. HEAP: For a week.

Mr. SOMMERVILLE: For a week, yes.

Mr. NASH: At the rate of \$12.50.

Mr. SOMMERVILLE: At the rate of \$12.50, yes.

Mr. ILSLEY: What is the practice of the company now; does it bunch them all, as Simpson's do?

Mr. NASH: Yes.

The WITNESS: Yes.

Mr. ILSLEY: That is the only practical way of complying with new regulations.

By Mr. Heaps:

Q. Has there been any new provision since April that gives some protection to the 20 per cent?—A. Yes. I may say this, up to 11th of August, 1932, the company bonused everybody.

By Mr. Sommerville:

Q. Everybody got 100 per cent requirement of the minimum wage law? —A. From that date to January 12, 1934, they made allowances to whatever number was necessary to bring 80 per cent up to the minimum. For the weeks ended 19th January to 2nd February, they made allowances to bring 90 per cent of the employees up to those rates. After that, they resumed the bonusing of employees—

By Mr. Heaps:

Q. This is a regulation of the minimum wage law— —A. No, it is the policy of the company.

Q. I am asking you if there is anything in the Minimum Wage Act to-day that will give protection to the 20 per cent of the employees who do not earn up to their minimum wage at requirements?—A. I think they have increased their protection by requiring that 80 per cent must earn the minimum wage instead of 80 per cent must receive the minimum wage.

By Mr. Factor:

Q. The Minimum Wage Board, if they are functioning properly, have authority to compel 100 per cent payments; but they exercise their discretion, and they only ask 80 per cent. It is a matter of the function of the Minimum Wage Board in Ontario, that is all it is.

Mr. HEAPS: They made some changes so as to give the 80 per cent more protection than they had up to now.

Mr. FACTOR: If they had discharged their duties properly, in my humble opinion, they would have seen that 100 per cent received the minimum wage.

Mr. ILSLEY: You have two sides to that. There may be another reason for allowing a little margin there. I can see that, otherwise there are old people and crippled people, perhaps, who could not earn any wages, because they could not get a job.

The WITNESS: Special terms are provided.

Mr. SOMMERVILLE: I think Mr. Stapells' statement to the committee was that it was to take care of those who were not as efficient as the others that this 20 per cent provision was made effective.

Mr. ILSLEY: This seems to be an evasion.

Mr. YOUNG: How do you proceed to get those special terms?

The WITNESS: I cannot tell you the procedure. I understand it is only granted in exceptional cases.

Mr. FACTOR: Ask Dick Stapells.

Mr. YOUNG: I go to Eaton's and ask for a job; I cannot earn the minimum wage. Have I to go and ask for special terms or do Eaton's do it for me?

The WITNESS: I cannot tell you the procedure.

The CHAIRMAN: That could not possibly happen to you, Mr. Young.

Mr. YOUNG: You never can tell; I might be old some day.

By Mr. Ilsley:

Q. It looks as if Eaton's paid low wages to female employees, but what about the wages paid in the other factories, from whom they bought similar goods?—A. That will be dealt with.

Q. Tell us about it now, so we can get it.—A. I personally did not examine the other factories.

Mr. NASH: I can say this, Mr. Ilsley, that generally the wages paid by the Eaton factory for similar goods are higher than those paid by a great number of suppliers whom we have investigated. In fact, so much so, that the Eaton factory could not produce goods as cheaply as the other factories.

Mr. ILSLEY: Did that apply to other factories in the province of Ontario, or other factories in Quebec?

Mr. NASH: Principally in the province of Quebec; some in Ontario.

Mr. ILSLEY: Principally factories in the province of Quebec, but some in Ontario, from whom they bought similar goods, paid lower wages than they did.

Mr. NASH: Yes.

The CHAIRMAN: In any case, you have followed back into the factory a number of cases?

Mr. NASH: A number of cases, yes.

The CHAIRMAN: Purchases, that will illustrate that in the presentation of facts that you are going to give us later.

By Mr. Sommerville:

Q. Is it not a fact that the reason for the change to the 80 per cent provision was that this factory had to compete with Montreal?—A. That was the statement of the Eaton officials.

Mr. NASH: I might enlarge on that a little.

Mr. SOMMERVILLE: That was a statement made by the officials to you.

The WITNESS: Yes.

Mr. NASH: We discussed this with the officials so as to be able to, at least, present an answer to whatever criticism, if any, might be coming, and they stated to us that the Montreal competition was very serious, and there was also some competition from Winnipeg in regard to ladies' coats. They said that their own factory executives found it difficult to produce goods through the Eaton factory as cheaply as they could purchase goods from other suppliers, and that they gave due consideration to the point that their factory executives put forward, and decided after consideration to comply with the strict terms of the minimum wage act and the regulations under it, so as to give the factory executives an opportunity to produce goods in competition with other suppliers. They also explained this, that there was in fact, some spreading of work amongst a greater number of employees, by keeping more people on at a lesser wage.

By Mr. Sommerville:

Q. That was their statement?—A. That was their statement. That was very difficult to check up.

Q. You have checked that up?—A. We could not confirm that.

Q. I think you, Mr. Richardson, have an examination of the situation?—A. Indications are, that during 1931 and 1932 there was a little more spreading of work, but in 1933, the average number of weeks worked by an employee, was approximately the same as in 1929 and 1930.

Q. Just look at page 2?

The CHAIRMAN: You might make that point clear at this stage.

By Mr. Sommerville:

Q. Where is that examined?—A. It appeared that in 1929 the average number of hours per week worked by an employee was 38 hours; in 1930, 38 hours; in 1931, 37 hours; in 1932, 34 hours; in 1933, 38 hours, and 1934 to date, 39 hours.

Q. So that, as a matter of fact, they worked as many hours during 1933 as they worked in 1930 and 1931?—A. Apparently, yes.

Mr. NASH: There was a slight difference in 1932, but it came back.

Mr. SOMMERVILLE: There was a slight difference in the early part of 1932, but it came back in 1933.

By Mr. Factor:

Q. The question of competition would have only involved the saving of \$35,000; that is, if they had paid to this 20 per cent the minimum wage, it would have involved an extra expenditure on the part of the company of \$35,000?—A. Yes.

By Mr. Sommerville:

Q. Plus any speeding up that would result from the introduction of that system and thus increase the production?—A. Yes.

By Mr. Ilsley:

Q. In that one factory?—A. In the Toronto factory.

By Mr. Young:

Q. That is the factory where they have 3,900 employees, is it?—A. Yes, there are only 1,100 or 1,200 women piece workers who are the people we are dealing with.

By Mr. Sommerville:

Q. What are the sales of that factory?—A. The total sales of the factory in 1933 were \$5,508,000.

By the Chairman:

Q. What was the saving?—A. \$35,000.

Q. Something less than 1 per cent, about a half of one per cent?—A. Yes.

By Mr. Sommerville:

Q. Still dealing with the question of the way this special money was made up, the net result of this is that those who worked the shortest hours in a week would be the ones who would be paid up the special money?—A. It would be more likely that they would be.

Q. And frequently they were among the poorer workers?—A. Yes.

Q. They would get the special money; the factory executives would pick those people to whom to pay the special money as against the better workers who worked for the full week?—A. Yes, by applying that rule of thumb.

By Mr. Ilsley:

Q. It was not because they were poorer workers, but because they were working such a short period?—A. That it cost less to bonus them.

Mr. NASH: They might be poorer workers.

Mr. SOMMERVILLE: Yes, because we have workers here earning 17 and 18 cents an hour who were bonused, as against workers who were earning 23 and 24 cents an hour who were not bonused.

By Mr. Ilsley:

Q. As a general rule, it would be because they were working such a short time, would it not?—A. Yes. I think Mr. Sommerville's point was that the method followed did not insure that these people were the people who got it.

Mr. ILSLEY: That is right.

By Mr. Sommerville:

Q. The pressure came from the competition with other factories; and the buying from other factories where lower wages were paid had its effect upon this factory in the change of its policy?—A. Yes.

By Mr. Ilsley:

Q. Did this system of bonusing people up to 80 per cent exist in the factories in Ontario, generally, from which Eatons bought goods?—A. I don't think that we investigated a sufficient number of Ontario factories to say if, generally, that applied. But I think when you hear Mr. Glassco's evidence, he will tell you whether or not that applied in Quebec.

By the Chairman:

Q. That is, we can get the facts as far as the investigation went?—A. Yes.

Q. But of course the number of factories investigated is limited?—A. There would be a substantial number of Quebec factories reported on.

Mr. ILSLEY: The point is that this complied with the law, apparently, whether the law was right or wrong; and Simpsons did the same thing. If everybody did the same thing, then it has some bearing on the moral culpability of Eatons, if any. They were not alone, were they?

The WITNESS: No.

The CHAIRMAN: No, I don't think they were alone.

Mr. NASH: Mr. Chairman, would you like to file the orders of the Minimum Wage Board? On page 14 are the orders issued by the board under the act regarding factories, and I have noted by pencil mark on the side regarding piece-work and the 80 per cent.

Mr. FACTOR: They were already filed.

The CHAIRMAN: No, they are not. This should have been filed, but it was not.

Mr. SOMMERVILLE: WC-9 and WC-9A were statements that were to be printed into the record together.

Mr. FACTOR: WC-8 shows some explanation by the company.

THE T. EATON CO., LIMITED

STATEMENT OF CERTAIN PIECEWORKERS SHOWN ON STATEMENT W-C-7 WHICH HAVE BEEN SUBMITTED TO THE COMPANY FOR THEIR COMMENTS OF LOW EARNINGS

Employees' Number	Date Hired	Weekly Minimum Wage Rate	Date of Payroll figures	Hours worked	Amount earned	Average Amount earned per hour	Deficiency below the minimum Wage Rate	Company's explanation for low earnings	
								Hours Worked during 1933	Average Rate per Hour	Remarks
<i>Department F 2—</i>									
107.....	1922	12 50	1 April, 1933	44 ³ / ₄	8 35	19	\$ cts.	cts.	
116.....	1932	10 00	24 June, 1933	43 ³ / ₄	5 56	13	4 45	2,291	22.5 Slow.
168.....	1905	12 50	1 April, 1933	37	6 53	17	4 15	2,062 ¹ / ₄	24 Slow.
170.....	1932	12 50	24 June, 1933	41 ³ / ₄	5 45	13	6 35	2,036 ¹ / ₄	20 Let go 22nd Feb., 1934.
196.....	30th May, 1933	12 50	24 June, 1933	42 ³ / ₄	5 53	13	6 55	1,071	17 Still here.
200.....	6th Sept., 1933	12 50	7 Oct., 1933	52 ¹ / ₄	6 05	12	8 85	276 ¹ / ₄	13.1 Let go 19th Oct., 1933.
209.....	5th June, 1933	12 50	7 Oct., 1933	49 ¹ / ₄	4 05	8	10 15	91 ¹ / ₄	14.6 Left 19th Oct., 1933.
214.....	12th June, 1933	11 00	7 Oct., 1933	50 ¹ / ₄	4 17	8	8 50	1,012	11.7 Slow. Transferred to another department.
220.....	15th Aug., 1933	12 50	7 Oct., 1933	38 ³ / ₄	2 31	6	8 80	383 ¹ / ₄	11.7 Left 11th Oct., 1933.
240.....	8th Sept., 1933	12 50	7 Oct., 1933	45 ¹ / ₄	5 08	10	8 80	655 ¹ / ₄	15.1 Let go 29th March, 1934.
<i>Department F 3—</i>									
83.....	26th June, 1933	12 50	27 July, 1933	35	3 90	11	6 10	1,152	18.4 Left 11th Jan., 1934.
93.....	1928	12 50	27 April, 1933	37 ³ / ₄	7 30	19	1 00	1,675 ¹ / ₄	27.1 Left.
136.....	1920	12 50	27 July, 1933	34 ³ / ₄	5 80	17	4 15	1,647	27 A tie operator, temporarily on shirts.
198.....	24th July, 1933	12 50	27 July, 1933	30 ³ / ₄	3 25	11	5 50	72	9 Left. Only worked two weeks.
200.....	25th Sept., 1933	12 50	28 Sept., 1933	29 ¹ / ₄	1 95	07	6 40	29	6 Let go. Only worked part of two weeks.
204.....	25th Sept., 1933	12 50	28 Sept., 1933	29 ¹ / ₄	2 60	09	5 75	76	12.8 Let go. Only worked part of two weeks.
261.....	1928	12 50	27 July, 1933	42 ¹ / ₄	7 40	18	4 65	2,004	24.7 Slow.
<i>Department F 5—</i>									
171.....	21st June, 1933	12 50	8 July, 1933	35	3 45	10	6 55	110 ¹ / ₄	8 Let go 6th July, 1933.
181.....	26th June, 1933	12 50	8 July, 1933	35	4 20	12	5 80	77	13.8 Let go 6th July, 1933.
501.....	25th May, 1933	12 50	3 June, 1933	57 ³ / ₄	7 45	13	9 05	1,384 ³ / ₄	21.1 Let go 22nd Feb., 1934.

Department F 6—	30.....	18th Sept., 1933	12 56	2 Nov., 1933	421	6 30	15	5 75	453	19-5 Let go 25th Jan., 1934.
	19.....	1922	12 56	2 Nov., 1933	42	5 60	18	3 55	1,588	23-8 Slow.
	50.....	1908	12 56	5 Oct., 1933	55	9 45	17	6 45	1,497	20-7 Slow. (Age 59).
	66.....	1930	12 56	5 Oct., 1933	54	6 15	11	9 50	309	15-7 Let go 16th Nov., 1933.
	72.....	1923	12 56	15 June, 1933	165	3 15	19	1 70	1,536	24-6 Slow.
	78.....	30th Sept., 1933	12 56	5 Oct., 1933	44	3 60	08	7 45	129	10-8 Let go 16th Nov., 1933.
	110.....	1907	12 56	15 June, 1933	281	5 35	19	2 70	1,935	27 Age 53.
	126.....	30th Sept., 1933	12 56	2 Nov., 1933	294	4 00	14	4 35	220	13-6 Let go 16th Nov., 1933.
	142.....	1916	12 56	5 Oct., 1933	56	11 60	20	4 60	1,786	23-5 Let go 12th Jan., 1934 on weekly short term allowance, \$3.00.
	Department F 7—	414.....	1912	12 56	30 Nov., 1933	131	2 10	16	1 65	972	37-1 Scarcity of work.
432.....		1928	12 50	30 Nov., 1933	215	3 10	14	3 15	2,042	35-8 Scarcity of work.
434.....		23rd Feb., 1933	10 00	16 Mar., 1933	56	6 95	12	6 00	1,522	14-2 Left 31st May, 1933.
727.....		1929	12 56	16 Mar., 1933	55	9 65	17	6 25	1,530	21-6 Scarcity of work.
793.....		28th Aug., 1933	12 50	30 Nov., 1933	30	3 20	10	5 50	692	15-8 Scarcity of work.
795.....		28th Mar., 1933	12 50	30 Nov., 1933	19	3 55	18	2 10	1,335	21-8 Scarcity of work.
Department F 8—	796.....	6th Sept., 1933	12 56	14 Sept., 1933	35	5 70	16	4 30	64	14 Left 21st September, 1933.
	190.....	1923	12 50	24 Aug., 1933	43	8 30	19	3 75	1,724	28-1 Slow.
Department F 10—	198.....	25th May, 1933	12 56	29 June, 1933	47	6 20	13	7 35	1,223	19-1 Let go 2nd Feb., 1934.
	245.....	1929	12 50	16 Mar., 1933	43	9 10	21	3 40	1,938	33-2 Slow.
	249.....	22nd June, 1933	12 50	29 June, 1933	58	6 15	11	10 45	939	14-7 Left 20th Dec., 1933.
	321.....	1928	12 56	29 June, 1933	58	11 60	20	5 00	1,988	24-8 Slow.
Department F 12—	452.....	1930	12 56	24 Aug., 1933	43	7 55	17	4 50	870	23-6 Left 18th Jan., 1934.
	124.....	1932	12 50	2 Mar., 1933	21	3 25	15	2 95	1,457	26-5 Was slow but has improved
Department F 15—	227.....	8th Nov., 1933	11 00	9 Nov., 1933	19	2 30	12	2 60	238	25 Left.
	763.....	1922	12 50	5 Oct., 1933	56	10 30	18	5 90	2,113	19-9 Does good work but slow.
	758.....	1925	12 50	20 April, 1933	214	3 15	14	3 05	1,889	20-7 Does good work but slow.
	775.....	1924	12 50	5 Oct., 1933	52	11 75	22	3 20	1,599	20 Does good work but slow.
Department F 15—	798.....	29th Sept., 1933	11 00	5 Oct., 1933	47	5 50	12	6 50	107	13-2 Left.
	167.....	1930	12 50	13 April, 1933	421	8 20	19	3 80	1,476	25 Probably a poor run of work.
	170.....	1905	12 50	1 June, 1933	30	2 30	08	1 40	1,661	23-9 Age 51.
	176.....	1909	12 56	13 April, 1933	51	9 30	18	5 35	1,652	23-1 Probably a poor run of work.
	178.....	1912	12 56	13 April, 1933	50	9 05	18	5 30	1,365	21-4 Probably a poor run of work.
	323.....	24th April, 1933	12 50	30 Nov., 1933	42	8 05	19	4 06	1,191	23-3 Probably a poor run of work.
	363.....	1924	12 50	30 Nov., 1933	38	7 20	19	3 75	1,719	25-8 Probably a poor run of work.
	904.....	1904	12 50	1 June, 1933	18	2 40	13	3 00	1,383	15-7 Age 49, Left. Granted short term allowance, \$9.75.
	905.....	1901	12 50	13 April, 1933	53	9 00	17	6 35	1,504	17-7 Age 47. Carrying on Transfer Relief. 33 years' service.

THE T. EATON CO. LIMITED

STATEMENT OF THE AVERAGE WEEKLY WAGES RECEIVED BY FEMALE PIECEWORKERS OF CERTAIN TORONTO FACTORY DEPARTMENTS DETERMINED FROM THE AVERAGE OF THE SECOND WEEK IN EACH MONTH FOR CERTAIN YEARS

Department	1929	1931	1933	1934 (to 8th March)
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
F 2A Whitewear Section—				
Corsets and Underwear.....	14 89	13 47	12 25	13 04
F 2 B Corsets Section.....	15 90	15 59	13 57	13 93
F 5 Women's and Misses' Dresses.....	14 47	11 93	9 83	11 34
F 8 Waists and Dresses.....	13 39	13 20	11 09	11 78
F12A & B				
Woollen Dresses.....	14 10	12 75	11 11	12 29
R Raincoats.....	16 50	11 57	10 98	12 72

NOTE:—The amounts shown above are the average amounts received each week worked, including special money. They are not based on full weeks worked but include short time as well as overtime.

The WITNESS: There is shown on WC-8 certain of the workers whose earnings had been set out on WC-7, and were shown to the company's officials who were asked for their comments and the same particulars as are shown on the previous schedule are shown on the left hand side; and on the right hand side, in the last three columns, is the company's explanation. Part of the explanation of the company is that these employees, in the cases indicated worked, a certain total number of hours in 1933, and their average earnings during that period were amounts which they showed.

By Mr. Sommerville:

Q. You are going to show the whole of the hours worked during 1933?—
A. Yes.

Q. Just go ahead?—A. For instance, the first employee, No. 107, while she only earned 19 cents an hour for the week that had been selected, the 1st April, 1933, she worked a total of 2,291 hours in 1933, an average of 22·5 cents per hour for that whole period; and they also make the remark that that employee is a slow worker.

Q. That employee had worked practically the whole year around?—A. Yes, and had been hired in 1922.

Q. Had been hired in 1922, had been with them for 11 years, had earned 6 cents per hour, on the average for the whole year, less than the minimum rate?—A. Yes.

Q. And she is described by them as slow. I suppose anybody who earns less than the minimum wage is slow?

Mr. FACTOR: That party earned \$8.35—actually earned \$8.35 per week?

By Mr. Sommerville:

Q. During the week that was referred to, in that case where you show the average rate per hour was 22½ cents, does that include the amount of bonus money paid to that employee?—A. No.

Q. That is exclusive of the bonus money?—A. Yes.

By Mr. Factor:

Q. Her actual earnings were 22·5 cents excluding the bonus?—A. Yes.

By Mr. Sommerville:

Q. If this was one of the bonused employees?—A. In some weeks the worker was bonused, and in other weeks not bonused.

Mr. FACTOR: I think 107 was included in WC-7, in the 20 per cent who were not bonused.

Mr. SOMMERVILLE: Probably so.

Mr. NASH: I think perhaps you should correct that. I don't want to be interrupting all the time, but I think is the amount that is received.

Mr. SOMMERVILLE: Which?

Mr. NASH: 22·5.

The WITNESS: This has been merely printed from the company's explanation.

Mr. FACTOR: Operator No. 107 is included on page 12 of WC-7, which means she is an operator in the 20 per cent.

Mr. SOMMERVILLE: Yes.

By Mr. Factor:

Q. That is, no bonus?—A. No.

Q. But she actually earned during that year, without a bonus, 22½ cents?—A. It means she was not bonused in that week. She might have been bonused in another week.

By Mr. Sommerville:

Q. This week she earned 19 cents, the total amount received; that is, the total amount received by the operator is shown in the average rate per hour paid to the employee?—A. Yes.

Q. So that that would include what the employee earned and any special money that may have been added if that person got into the 80 per cent class?—A. Yes; that is the statement that the company makes from their figures entirely.

Q. At that rate, this operator worked for 2,291 hours during the year. That is a whole year, is it not?—A. Yes.

Mr. HEAPS: Approximately. Fifty by forty would be 2,000.

Mr. SOMMERVILLE: Yes, really a little better than a year; squeezed more than a year in.

Mr. HEAPS: Worked more than a year.

By Mr. Sommerville:

Q. And got an average of 22½ cents per hour for the whole year?—A. Yes.

Q. Which was 6 cents per hour less than the minimum wage?—A. Yes.

Q. Which indicates that she was always in the non-bonused class?—A. No, you could not say that—possibly not.

Q. Well, some weeks?—A. Some weeks.

Q. Then the next one, operator No. 116, who earned 13 cents per hour during the week of the 24th of June, 1933?—A. An inexperienced employee in that case.

Q. That was an inexperienced employee?—A. Yes.

Q. That operator worked for 2,062 hours during the year?—A. Yes.

Q. Which is a full year?—A. Yes.

Q. And the average amount paid to that operator was 24 cents?—A. That is right.

Q. And she is described as slow?

By Mr. Factor:

Q. As far as operator No. 107 is concerned, I just want to get if I am right about it. The total hours worked were 2,291?—A. Yes.

Q. At the rate of 22½ cents an hour?—A. Yes.

Q. So that operator No. 107 in the year 1933 earned \$515.48?

The CHAIRMAN: That is right.

Mr. SOMMERVILLE: And worked full time.

The CHAIRMAN: A little overtime.

By Mr. Sommerville:

Q. Then take operator 168?—A. Hired in 1905, for the week selected, 1st of April, 1933, worked 37¼ hours, earned \$6.53 or 17 cents per hour; worked a total of 2,116 hours in 1933; average salary, 20·5 cents per hour, and the company's remarks are "slow".

Q. That would make a total earning for that employee of what?—A. About \$420 or a little better.

Q. \$420 per year, for the year's work. Then, the next operator?—A. No. 170, hired in 1932; for the week selected, earned \$5.45 for 41½ hours or 13 cents an hour, an average for the whole year of 20 cents an hour.

Q. 2,036½ hours?—A. Yes, and the remark is that that operator was let go on the 22nd February, 1934.

Q. And the next operator?—A. No. 196, hired in May, 1933; had worked 42½ hours in one week and earned \$5.53 or 13 cents an hour. She worked a total of 1,071 hours in 1933, and received an average of 17 cents on hour during that period; and they say that operator is still with them.

The CHAIRMAN: She worked practically full time.

Mr. SOMMERVILLE: From June.

The CHAIRMAN: Full time would have been 1,232 hours.

Mr. SOMMERVILLE: Yes.

The WITNESS: Would you like me to go down this list?

Q. Here is another one—214?—A. Hired 12th June, 1933, not fully experienced, worked 50 hours in the week selected, earned \$4.17 or 8 cents per hour for the entire year 1933. She worked 1,012 hours and averaged 11·7 cents. Comment is "slow, transferred to another department."

By the Chairman:

Q. Not for the entire year—for six months?—A. Yes, I beg your pardon.

Q. Which is practically full time?—A. Yes, practically full time.

By Mr. Sommerville:

Q. And for a full time employee she was paid at the rate of 11·7 cents per hour?—A. Yes.

Q. From the beginning of June.

Mr. YOUNG: Did she do better in the other department?

The WITNESS: I cannot tell you.

By Mr. Kennedy (Winnipeg):

Q. Do these piece workers get holidays?—A. Yes. That is dealt with in the general memorandum.

Q. We have not come to that yet?—A. They now receive two days legal holidays. They receive pay for two legal holidays in the year. They formerly received pay for all legal holidays and received from one to two weeks, I believe, of pay prior to about 1932.

Q. That is, piece workers?—A. Yes. Factory piece workers.

Q. We are coming to that, are we?

Mr. SOMMERVILLE: Yes.

By the Chairman:

Q. Now they get two legal holidays, and do they get the two weeks with pay?—A. No. I will read this to you "Factory workers on hourly or piece work basis are paid for Christmas and Labour Day. Prior to 1932 they were paid for all legal holidays, and those with certain service received one or two weeks' vacation pay based on the average wage they received."

Q. They do not receive that now?—A. No.

By Mr. Kennedy (Winnipeg):

Q. How many legal holidays were recognized then?

The CHAIRMAN: All.

Mr. KENNEDY (Winnipeg): That does not tell me how many.

The WITNESS: Somewhere from seven to nine days.

Mr. KENNEDY (Winnipeg): So that they get paid now for two days as compared with about nine heretofore, and they get no—

The WITNESS: Get no vacation.

The CHAIRMAN: About twenty days as against two.

By Mr. Sommerville:

Q. Operator 261?—A. Operator 261 was hired in 1928, in the week selected worked $42\frac{1}{4}$ hours averaged 18 cents per hour and for 2,004 hours worked in 1933, which would be full time practically, earned an average of 24.7 cents. Marked as slow.

Q. That is \$480 a year.

The CHAIRMAN: And she had been with them six years.

The WITNESS: Yes.

By Mr. Sommerville:

Q. Here is one: F-6, operator 19?—A. Hired in 1922. In the week selected worked thirty-two hours at 18 cents per hour. In 1933 she worked a total of 1,588 hours and received an average of 23.8 cents—classified as slow.

Q. Classified as slow. But this was one of the departments where women's dresses were somewhat seasonal?—A. F-6 was a coat department—women's coats.

Q. Seasonal?—A. Yes.

Q. It might account for the shortage of hours to 1,588 during the year?—A. Yes, it might.

Q. And on that basis for 1,588 hours during that year this woman earned about—A. Around \$370.

Q. \$370 for the year?—A. Yes.

Q. The next one is operator number 50 in the same department?—A. Hired in 1908. In the week selected had worked $53\frac{3}{4}$ hours, averaged 17 cents. She worked a total of $1,497\frac{1}{2}$ hours in 1933 and averaged 20.7 cents. Their comment is, "slow, age 59".

The CHAIRMAN: She had been with them a long time.

By Mr. Sommerville:

Q. She had been with them since 1908—twenty-six years?—A. Yes.

Q. And her earnings for the year for 1,479 hours would be \$300?—A. \$300.

Q. \$300 for a year. Now, there is another one further down—110?—A. Hired in 1907; for the week selected had worked $28\frac{1}{4}$ hours, averaged 19 cents. She worked a total of 1,935 hours for 1933 and averaged 27 cents per hour—age 53.

Q. No comment; just age 53?—A. Close to the minimum wage.

By the Chairman:

Q. There is an illustration. She worked practically a full year, and on that average was very close to the minimum, and in that period you examined she gets only 19 cents an hour?—A. Yes.

Mr. SOMMERVILLE: I hope when I reach 53 I do not go in the 19 cent class.

Mr. FACTOR: Unless you become a finisher.

The CHAIRMAN: That is where he would go.

Mr. SOMMERVILLE: Yes, next to the undertaker—the finisher.

The CHAIRMAN: Now there is one there I noticed that an allowance is made to.

Mr. SOMMERVILLE: Yes, 1916—operator 142.

The WITNESS: Worked $56\frac{3}{4}$ hours in the period selected, averaged 20 cents; total 1,786 hours in 1933 or an average of 23·5 cents. Their comment is, "she was let go on 12th January, 1934, on a weekly term allowance of \$3".

By the Chairman:

Q. She had been with them eighteen years?—A. Yes, that means that when that employee left the company they paid her at the rate of \$3 per week for a certain number of weeks after she left their employ.

Q. That is not a pension?—A. It is not a binding obligation on the country.

Mr. KENNEDY (Winnipeg) It is not assignable in law.

By Mr. Heaps:

Q. How long will that \$3 a week continue?—A. It will depend on the number of years of service of the employee. It may be for a number of months—I could not tell you exactly how many.

By Mr. Sommerville:

Q. Let us have the second one—department F-432?—A. 432. Hired in 1928, $21\frac{7}{8}$ hours in the period selected earning an average of 14 cents per hour, and for the whole year 1933 she worked practically full time, 2,042 hours or an average of 35·8 cents. Their comment is that in the week selected there had been a scarcity of work which resulted in her earnings being lower.

By Mr. Factor:

Q. This shows that the week selected was not exactly a fair criterion to base that particular employee's earnings on?—A. Probably not. We tried to make that clear by taking the largest, the smallest and the average.

Mr. HEAPS: Do you think it makes a difference? When people work on a piece work basis the scarcity of work makes very little difference to the hourly rate.

The WITNESS: I think it might make considerable difference.

Mr. HEAPS: Not that much difference.

Mr. SOMMERVILLE: Very little, I would say.

Mr. NASH: I think there is a point there. As I have seen it in factories, if there is a big pile of work in front of the girls they are going full time to finish it.

The CHAIRMAN: This girl working 2,042 hours, which is practically a full year was not loafing around during that year.

The WITNESS: But in the week selected she had worked only $21\frac{7}{8}$ hours.

Mr. SOMMERVILLE: Apparently a good operator, having been with them five or six years.

The CHAIRMAN: Probably that was her holiday.

By Mr. Sommerville:

Q. Let us see department F-2—operator 703?—A. Department F-2. Employee hired in 1922. In the week selected worked $56\frac{1}{4}$ hours, earned an average of 18 cents per hour. Worked full time in 1933, averaging 19·9 cents. Comment "Does good work but slow."

Q. During the whole year she was paid 9 cents less than the minimum wage?—A. Yes.

Mr. YOUNG: "Good work but slow." Are those that do fast work not so good?

Q. The WITNESS: They are all paid on the volume of work produced at piece work rates.

Mr. YOUNG: Quality does not count?

The WITNESS: Oh, yes, it does.

The CHAIRMAN: Mr. Heaps says that applies to this committee—good work is slow. I imagine there are quite a few agree with that.

The WITNESS: Operator 758. Hired in 1925, had earned 14 cents per hour on short time of the week selected. Worked 1,889 hours in 1933, averaged 20·7 cents. The same comment is given there.

Mr. SOMMERVILLE: Good work but slow.

The WITNESS: The next employee is the same, hired 1924. Worked $52\frac{3}{8}$ hours in the week selected, averaged 22 cents per hour. Had worked 1,599 hours in the year 1933, averaged 20 cents per hour for the year. Comment is, "Does good work but slow."

The CHAIRMAN: And has been with the company ten years.

The WITNESS: Yes.

By Mr. Sommerville:

Q. But she was not in the bonus class in the week which you selected?—A. No.

Q. Operator 167?—A. Hired in 1930. Worked $42\frac{1}{4}$ hours in the week selected, averaged 19 cents per hour; total $1,476\frac{1}{2}$ hours, averaged 25 cents for the year. Comment, "Is probably poor run of work."

Mr. ILSLEY: What does that mean?

The WITNESS: Probably a lot of short runs that they would not require speed on.

By Mr. Sommerville:

Q. Poor run of work. The rate ought to be changed to bring them up to an earning rate. However, take the next one?—A. 170. Hired in 1905, had earned an average of only 8 cents per hour in the week selected and worked 1,661 hours in 1933 at an average of 23·9 cents. Their comment is, "Age 51."

Mr. HEAPS: It is still worse down below—it is 47 years of age.

Mr. SOMMERVILLE: Take that one.

The WITNESS: 905. Hired in 1901, worked $53\frac{3}{4}$ hours and earned \$9 in the week selected, averaged 17 cents per hour. For the whole of 1933 she worked $1,504\frac{1}{2}$ hours, averaged 17·7 cents. Comment is, "Age 47—carried on transfer relief, 33 years service." That means that they recognized the fact that that employee had been with them a long time and they are carrying the employee on to the amounts they paid in 1934 to bring them up to the minimum wage. They regard that in the nature of relief.

Mr. YOUNG: Are there many like that in the service?

The WITNESS: There are a number. I could not tell you how many.

The CHAIRMAN: She started work when she was fourteen years of age.

Mr. FACTOR: After thirty-three years of service they can get into this class "Carrying transfer relief."

Mr. HEAPS: It appears that at 47 they are too old to work.

By Mr. Sommerville:

Q. Take the one before that—904.—A. 904. Hired in 1904, earned 13 cents per hour in the short week selected—worked a total of 1,383 hours in 1933 and averaged 15·7 cents. Comment, "Age 49, left, granted short term allowance of \$9.75." That would be per week.

Q. Because she had worked there thirty years?—A. Yes.

Q. At age 49 this employee had earned during the whole year $15\frac{7}{10}$ cents per hour for 1,300 hours?—A. Yes; about \$200 for the period worked.

Q. And she is granted an allowance of \$9.75 a week for a short time.

Mr. YOUNG: I notice that some of those employees were let go. Why? Because they were slow?

Mr. HEAPS: Did they resign?

The WITNESS: Presumably, because they were slow or not satisfactory. We did not look at the reasons.

By Mr. Sommerville:

Q. There is a statement made on the next sheet?—A. Yes, this follows on with the company's explanations concerning the above wages. This was obtained from a memorandum initialed by the manager of the Wage Office and the assistant to the Personnel Supervisor. They say:—

Reasons for low earnings of some operators during worst time:—

Class 1. Short period of employment. Applicants represent themselves as experienced but after a few weeks or months their earnings show they have not experienced or are very slow and they are let out or leave when they find they cannot compete with good operators.

By Mr. Sommerville:

Q. They keep a record of every person's experience?—A. Yes.

Q. And they enquire into their experience in other plants?—A. Yes.

Q. And that is all put on their cards?—A. Yes:—

Class 2. Good operators on fine work but no fine work on hand and not fast enough to make minimum on cheaper work but wanted to stay for better times when they could earn good rates on better work

Class 3. Old employees slowing up but want to stay to earn what they can. Sentiment and length of service factors in permitting them to stay.

General Condition:—

Slackness of work at time of day. Operators make work last in hope of other work coming in. Department perhaps not strict enough about sending home those not busy as the 20 per cent clause gives them only what they earn. Recorded time counts in figuring minimum even though work should have been finished in less time.

Q. Well then, these are their general excuses?—A. These are their reasons. They further sum that up by saying:—

From the attached summary covering 57 cases:—

By the Chairman:

Q. The 57 cases referred to are not these endless sheets we have been going through, but it is a few special ones that were selected out of those that seemed to show extraordinarily low examples?—A. Yes, or rather low earnings of employees who have been there a long time:—

From the attached summary covering 57 cases reported on by auditors, 26 of this number are not at present in our employ, 20 having been engaged and left in 1933. Six of these worked less than three weeks including two cited as 5 cents an hour. These very evidently are covered by class 1 and none of these 26 cases who have come in on trial should be considered as representative of the trend of earnings.

Two of this group with long service who had slowed up considerably were let out on a short term pension which they are still receiving.

In another group of those still here it is not fair to quote earnings of \$2.10, \$3.10, \$3.55, \$3.20, and \$5.70, when an examination of their earnings over a period of time shows that they earn at a weekly rate of \$16.26, \$15.70, \$9.54, \$6.92, and \$7.20. These earnings would be governed by observations relating to general conditions and class 2.

As to balance of group we can only put it down to good operators but slow and who could not be replaced with any better help on account of the shortage of experienced help in the garment trade in Toronto.

The CHAIRMAN: What?

By Mr. Sommerville:

Q. A shortage in the garment trade in Toronto?—A. I am reading from their quotation.

Q. That is their statement?—A. Yes, this is their statement:—

These earnings will improve with better times and larger orders and have shown improvement this year.

It should also be kept in mind that the average rate per hour earned for the Fall of 1933 by operators was 29½ cents and by finishers 28½ cents which shows that the average worker did earn the minimum wage during the worst period.

That is all part of the company's explanation concerning those people.

By Mr. Factor:

Q. And the trend of the wages is accurately shown by percentage in WC-2?—A. Yes.

Q. Which is a comparative statement from 1929 to 1933?—A. Yes. There is only one important fact there, I think, that is not reflected in that, and that is, in the early part of 1934 the employees of department F-8 demanded higher wages. According to the manager of that department the company agreed to

increase the piece work rates and pending the working out of these increases it added 12½ per cent to the old piece work rates for one week. Following this it temporarily increased the guaranteed rate from \$12.50 to \$14.20 per week for a number of weeks and this had not been discontinued at 15th May, 1934.

By Mr. Sommerville:

Q. That was which department?—A. Department F-8.

Q. That is a department of?—A. Women's dresses.

Q. And then did the employees go on strike?—A. No.

Q. They made a demand for more money?—A. They asked for higher rates and the company agreed to increase them—

Q. And the company agreed?—A. They agreed to increase the piece work rates; pending the working out of these increases they added 12½ per cent to the old piece work rates for one week, and following this it temporarily increased the guaranteed rate from \$12.50 to \$14.20 per week.

Q. Until they got the piece work rates worked out?—A. Yes.

Q. And that \$14.20 rate has prevailed since?—A. It had prevailed up to the 15th of May.

Q. From a date?—A. I believe February or March.

By Mr. Heaps:

Q. That is above the minimum wage requirements?—A. Yes.

By Mr. Sommerville:

Q. These explanations, however, that have been given here cannot surely apply to those departments F-2, F-5, and F-6 that are set out on WC-6 that show 70, 80, 90, and 60 per cent of the employees week in and week out failing to earn the minimum wage?—A. No, the comments were only on the individuals mentioned in the lists.

Q. Now, in connection with the factories we also had evidence that some of the material sold at Toronto came from the Saint John factory.

By Mr. Factor:

Q. In the Toronto factory there is no union recognized by Eatons?—A. No.

By Mr. Sommerville:

Q. What statements are you producing now?—A. Statements No. Wst-1, Wst-2 and Wst-3.

THE T. EATON CO. LIMITED
St. John Factory Department F-41

STATEMENT SHOWING THE AVERAGE DAILY EARNINGS AND RECEIPTS OF FEMALE PIECEWORKERS
For certain weeks in the Years 1929 to 1934 inclusive

Week ending	Overall Department				Work Shirt Department			
	Number of employees	(a) Total days worked	Average daily earnings per employee at piecework rates	Average daily receipts per employee special money paid	Number of employees	(a) Total days worked	Average daily earnings per employee at piecework rates	Average daily receipts per employee (including special money paid)
March 21, 1929.....	62	324	\$ 1.58	\$ 1.72	47	242	\$ 2.01	\$ 2.04
March 28, 1929.....	64	324½	1.62	1.74	45	240½	2.32	2.33
October 24, 1929.....	54	212½	1.19	1.48	52	257½	1.96	2.02
October 31, 1929.....	57	251	1.42	1.61	52	223	1.72	1.82
Average.....	59	278	1.41	1.61	49	241	2.01	2.06
March 20, 1930.....	110	568½	1.31	1.58	47	245½	1.94	2.03
March 27, 1930.....	116	551	1.30	1.57	46	239½	1.97	2.05
October 18, 1930.....	97	465½	1.41	1.62	50	218	1.67	1.82
October 25, 1930.....	97	486	1.45	1.64	50	252½	1.67	1.77
Average.....	105	518	1.36	1.60	48	239	1.81	1.92
March 19, 1931.....	89	453	1.28	1.53	51	204½	1.88	1.92
March 26, 1931.....	89	456½	1.30	1.54	50	174½	1.84	1.88
October 22, 1931.....	41	139½	1.41	1.45	49	195	1.77	1.79
October 29, 1931.....	42	169	1.38	1.47	49	203½	1.79	1.81
Average.....	65	310	1.32	1.52	50	194	1.82	1.85
March 24, 1932.....	51	194½	1.50	1.54	48	192½	1.68	1.72
March 31, 1932.....	47	153½	1.62	1.64	47	130½	1.83	1.88
October 20, 1932.....	42	59½	(b)	1.45	47	191½	(b)	1.92
October 27, 1932.....	45	94	(b)	1.48	47	169½	(b)	1.82
Average.....	46	125	1.51	1.55	47	171	1.81	1.83
March 23, 1933.....	44	152	(b)	1.38	41	122	(b)	1.38
March 30, 1933.....	45	125	(b)	1.35	42	185½	(b)	1.70
October 19, 1933.....	46	196½	(b)	1.41	60	268	(b)	1.53
October 26, 1933.....	47	207½	(b)	1.63	60	266½	(b)	1.47
Average.....	46	170	1.46	1.46	51	210	1.53	1.53
March 22, 1934.....	46	242	1.81	1.88	59	324	1.47	1.56
March 29, 1934.....	46	230½	1.49	1.59	59	291	1.55	1.60
Average.....	46	236	1.64	1.74	59	307	1.51	1.58

(a) As no record was kept of actual hours worked, these days will include both overtime and short time.

(b) The Company's guaranteed rates of \$6.00 per week for employees with less than one year's service, and \$7.00 to \$7.50 per week for more than one year's service were suspended during this period.

THE T. EATON CO. LIMITED

ST. JOHN FACTORY DEPARTMENT F-41

Statement Showing the Percentage of Female Employees who Failed to Earn, at Piecework Rates, the Company's Guaranteed Rates, and the Average Amount Paid to Bonus these Employees for Certain Weeks in the Years 1929 to 1933 Inclusive.

Week ending	Overall Department			Work Shirt Department		
	Number of Employees	Percentage of Employees Bonused to guaranteed Rates	Average amount paid Weekly to each Employee Bonused to increase her Earnings to guaranteed Rates	Number of Employees	Percentage of Employees Bonused to guaranteed Rates	Average amount paid Weekly to each Employee Bonused to increase her Earnings to guaranteed Rates
		%	\$ cts.		%	\$ cts.
March 21, 1929.....	26	42·0	1.63	5	11·0	1.40
March 28, 1929.....	24	37·0	1.62	2	4·0	1.70
October 24, 1929.....	32	59·0	1.94	7	13·0	2.39
October 31, 1929.....	35	61·0	2.26	12	23·0	1.81
Average.....	29	49·0	1.90	6	13·0	1.87
March 20, 1930.....	54	49·0	2.75	10	21·0	2.29
March 27, 1930.....	57	49·0	2.70	6	13·0	3.49
October 18, 1930.....	41	42·0	2.36	16	32·0	1.96
October 25, 1930.....	38	39·0	2.48	13	26·0	2.01
Average.....	48	45·0	2.60	11	23·0	2.25
March 19, 1931.....	40	45·0	2.86	10	20·0	0.83
March 26, 1931.....	40	45·0	2.72	14	28·0	0.58
October 22, 1931.....	12	29·0	0.63	6	12·0	0.58
October 29, 1931.....	14	33·0	1.04	5	10·0	0.65
Average.....	26	41·0	2.31	9	18·0	0.66
March 24, 1932.....	14	27·0	0.55	11	23·0	0.80
March 31, 1932.....	15	32·0	0.81	7	15·0	0.99
Average.....	14	30·0	0.68	9	19·0	0.87
March 22, 1934.....	13	28·0	1.21	23	39·0	1.28
March 29, 1934.....	19	41·0	1.51	19	32·0	0.85
Average.....	16	35·0	1.39	21	36·0	1.08

NOTE:—The Company's guaranteed rates of \$6.00 per week for employees with less than one year's service and \$7.00 to \$7.50 per week for more than one year's service was suspended from August 1932 to February 1934.

STATEMENT No. Wst. 3

THE T. EATON CO. LIMITED

St. John Factory—Department F 41

STATEMENT SHOWING PARTICULARS OF WAGES PAID EMPLOYEES OF THIS FACTORY DEPARTMENT FOR THE WEEK ENDING 13TH JANUARY 1934 AS PREPARED FROM MEMORANDUM FORWARDED TO HEAD OFFICE

Department	Employees' Number	Male or Female	Time Worked		Wages Paid	Average Rate per day		Average Rate per hour	
			Days	Number of hours		\$	cts.	\$	cts.
F41C.....	100	F	2	18	2.15	1.07	$\frac{1}{2}$	0.12	
	101	F	$3\frac{1}{2}$	$31\frac{1}{2}$	4.05	1.16		0.13	
	102	F	$3\frac{1}{2}$	$31\frac{1}{2}$	4.35	1.24		0.14	
	103	F	3	27	3.80	1.26	$\frac{1}{2}$	0.14	
	104	F	3	27	3.80	1.26	$\frac{1}{2}$	0.14	
	105	F	$1\frac{1}{2}$	$13\frac{1}{2}$	1.60	1.06	$\frac{1}{2}$	0.12	
	106	F	$4\frac{1}{2}$	$40\frac{1}{2}$	5.30	1.18		0.13	
	107	F	4	36	4.40	1.10		0.12	
	108	F	$2\frac{1}{2}$	$22\frac{1}{2}$	2.70	1.08		0.12	
	109	F	5	45	11.45	2.29		$0.25\frac{1}{2}$	
	110	F	5	45	8.80	1.76		$0.19\frac{1}{2}$	
	111	F	3	27	3.50	1.17		0.13	
	112	F	1	9	1.15	1.15		0.15	
	113	F	3	27	3.70	1.23		$0.13\frac{1}{2}$	
	115	F	3	27	3.35	1.11	$\frac{1}{2}$	$0.12\frac{1}{2}$	
	116	F	4	36	4.40	1.10		0.12	
	117	F	$1\frac{1}{2}$	$13\frac{1}{2}$	1.45	0.96	$\frac{1}{2}$	$0.12\frac{1}{2}$	
	118	F	3	27	3.25	1.08		0.12	
	119	F	5	45	5.25	1.05		$0.11\frac{1}{2}$	
	120	F	5	45	9.00	1.80		0.20	
	121	F	2	18	2.60	1.30		$0.14\frac{1}{2}$	
	122	F	5	45	8.20	1.64		0.18	
	123	F	3	27	3.65	1.22		$0.13\frac{1}{2}$	
	124	F	5	45	5.90	1.18		0.13	
	125	F	5	45	4.05	0.81		0.09	
	126	F	3	27	3.05	1.02		$0.11\frac{1}{2}$	
	127	F	4	36	4.15	1.04		$0.11\frac{1}{2}$	
	128	F	5	45	10.15	2.03		$0.22\frac{1}{2}$	
	130	F	5	45	8.70	1.74		$0.19\frac{1}{2}$	
	131	F	5	45	6.20	1.24		0.14	
	132	F	$3\frac{1}{2}$	$31\frac{1}{2}$	4.23	1.21	$\frac{1}{2}$	$0.13\frac{1}{2}$	
	133	F	1	9	1.00	1.00		0.11	
	134	F	5	45	6.50	1.30		$0.14\frac{1}{2}$	
	135	F	$3\frac{1}{2}$	$31\frac{1}{2}$	3.80	1.08	$\frac{1}{2}$	0.12	
	136	F	$3\frac{1}{2}$	$31\frac{1}{2}$	4.50	1.22	$\frac{1}{2}$	$0.13\frac{1}{2}$	
	137	F	3	27	3.50	1.17		0.13	
	139	F	4	36	4.45	1.11		$0.12\frac{1}{2}$	
	140	F	5	45	6.20	1.24		0.14	
	141	F	2	18	2.30	1.15		0.13	
	142	F	5	45	5.70	1.14		$0.12\frac{1}{2}$	
	143	F	4	36	4.10	1.02	$\frac{1}{2}$	$0.11\frac{1}{2}$	
	145	F	$3\frac{1}{2}$	$31\frac{1}{2}$	4.10	1.17		0.13	
	146	F	$3\frac{1}{2}$	$31\frac{1}{2}$	4.30	1.23		$0.13\frac{1}{2}$	
	147	F	4	36	5.00	1.25		0.14	
	148	F	5	45	6.15	1.23		$0.13\frac{1}{2}$	
	150	F	5	45	6.05	1.21		$0.13\frac{1}{2}$	
F41 D.....	200	F	5	57	13.70	2.74		0.24	
	201	F	5	61	10.10	2.02		$0.16\frac{1}{2}$	
	202	F	5	51	5.25	1.05		$0.10\frac{1}{2}$	
	203	F	5	62	11.15	2.23		0.18	
	204	F	5	61	8.25	1.65		$0.13\frac{1}{2}$	
	205	F	5	61	11.20	2.24		$0.18\frac{1}{2}$	
	206	F	5	$58\frac{1}{2}$	14.60	2.92		0.25	
	207	F	5	59	9.35	1.87		$0.15\frac{1}{2}$	
	208	F	5	$56\frac{1}{2}$	14.85	2.97		$0.26\frac{1}{2}$	
	209	F	5	59	13.15	2.63		$0.22\frac{1}{2}$	
	210	F	2	$26\frac{1}{2}$	2.10	1.05		0.08	
	212	F	5	$58\frac{1}{2}$	5.10	1.02		$0.08\frac{1}{2}$	
	213	F	5	63	11.25	2.25		0.18	
	214	F	5	50	5.10	1.02		0.10	
	215	F	5	44	6.30	1.26		$0.14\frac{1}{2}$	
	216	F	3	35	3.40	1.13		$0.09\frac{1}{2}$	
	217	F	5	$58\frac{1}{2}$	6.30	1.26		$0.10\frac{1}{2}$	
	218	F	3	33	3.20	1.07		0.02	

THE T. EATON CO. LIMITED

St. John Factory—Department F 41

STATEMENT SHOWING PARTICULARS OF WAGES PAID EMPLOYEES OF THIS FACTORY DEPARTMENT FOR THE WEEK
ENDING 13TH JANUARY, 1934, AS PREPARED FROM MEMORANDUM FORWARDED TO HEAD OFFICE

Department	Employ- ees Number	Male or Female	Time Worked		Wages Paid	Average Rate per day	Average Rate per hour
			Days	Number of hours			
				\$	\$	\$	\$
F 41 D.....	219	F	5	44	7.70	1.54	0.17½
	220	F	5	53	7.40	1.48	0.14
	221	F	5	54½	9.45	1.09	0.17½
	222	F	5	61	8.05	1.61	0.13
	223	F	5	59	9.40	1.88	0.16
	224	F	5	63	9.70	1.94	0.15½
	225	F	5	42	6.45	1.29	0.15½
	226	F	2	30	2.85	1.42½	0.09½
	227	F	4	57	4.70	1.17½	0.08
	228	F	4½	40	5.10	1.13½	0.13
	229	F	5	60	6.15	1.23	0.10
	230	F	4½	52	5.45	1.21	.10½
	231	F	5	63	15.90	3.18	0.25
	232	F	5	61	7.00	1.40	0.11½
	233	F	5	63	6.65	1.35	0.10½
	234	F	5	58½	11.45	2.29	0.19½
	235	F	5	59	8.25	1.65	0.14
	236	F	5	61	9.35	1.87	0.15½
	237	F	5	63	11.30	2.26	0.18
	239	F	5	53	9.10	1.82	0.17
	241	F	5	62	10.75	2.15	0.17½
	242	F	5	63	10.60	2.12	0.17
	243	F	5	63	13.50	2.70	0.21½
	244	F	5	63	7.40	1.48	0.12
	245	F	3½	40	3.95	1.15	0.10
	246	F	5	49	5.10	1.02	0.10½
	247	F	2½	30	2.95	1.18	0.10
	248	F	5	45	6.40	1.28	0.14
	250	F	5	61	6.35	1.27	0.10½
	251	F	3½	42	3.80	1.08½	0.09
	252	F	5	61	8.05	1.61	0.13
	253	F	5	55	5.95	1.19	0.11
	254	F	3½	40	3.50	1.00	0.09
	255	F	3½	40	3.75	1.07	0.09½
	256	F	5	63	7.00	1.40	0.11
	257	F	5	57	9.25	1.85	0.16
	258	F	3½	44	4.15	1.18½	0.09½
	259	F	5	61	10.90	2.18	0.18
	260	F	5	58½	6.65	1.33	0.11½
	261	F	5	60	5.90	1.18	0.10
	262	F	5	63	8.50	1.70	0.13½
	263	F	5	61	6.00	1.20	0.10
	265	F	4	49	4.70	1.17½	0.09½
	266	F	2	23	2.10	1.05	0.09
	267	F	4	40	4.45	1.11	0.11
Section I.....	7	M	5	57	16.45	3.29	0.29
	9	M	6	54	22.00	3.66½	0.40½
Section Z.....	4	M	5	55	24.45	4.89	0.44½
	5	M	5	53	38.25	7.65	0.72
Section S.....	55	M	5	49	15.80	3.16	0.32½
	57	F	5	53½	9.50	1.90	0.18
F 41 A.....	26	M	5	66½	19.20	3.84	0.29
	27	M	5	58½	16.90	3.38	0.29
	28	M	5	63	40.60	8.12	0.64½
	29	M	5	63	12.60	2.52	0.20
	30	M	5	50½	7.85	1.57	0.15½
	32	M	5	57	8.85	1.77	0.15½
	33	M	5	57	22.15	4.43	0.39

By Mr. Sommerville:

Q. Just in passing, your statement Wst-1 shows the average daily earnings and receipts of female piece workers in the Saint John factory department F-41, and your statement Wst-2 shows the classification of the productive time workers in the factory, female productive time workers, and there is a further breakdown of that in statement Wst-3. Now, let us have the memorandum in connection with the Saint John factory.—A. That was not printed.

By Mr. Factor:

Q. Are there female employees in the Saint John factory?—A. These are female piece workers on statement Wst-1. On the left-hand side of the schedule is the overall department, and on the right-hand side is the work shirt department.

By Mr. Heaps:

Q. Can you tell us what the daily hours of work are in this factory at Saint John?—A. It has varied from 45 to 50 hours.

Q. Per week?—A. Yes.

By Mr. Sommerville:

Q. Just read that memorandum; it is rather short and it only covers two or three pages.—A. *Female piece workers.* While there is no legislation in force in the province of New Brunswick prescribing minimum rates of wages or hours of work, etc., the company guarantees female piece workers a minimum wage at the rate of \$6 per week for those with less than one year's service, and \$7.50 for those with more than one year's service. This guarantee was suspended from August, 1932, to February, 1934, the employees only receiving what they earned at piece work rates during this period. Prior to August, 1932, the guaranteed rate for employees with more than one year's service was said to be \$7 with a working week of 50 hours instead of \$7.50 for a working week of 45 hours as is now the case. During the time the guarantee was in effect the average amount of special money paid to increase employees to this minimum in representative weeks listed varied from 50 cents to \$3.50 per week.

Q. Now, there being no Minimum Wage Law in New Brunswick the company fixed a minimum wage?—A. Yes.

Q. And that minimum wage fixed by them was \$6 for those with less than one year's service and \$7.50 for those with more than one year's service?—A. Yes.

Q. That minimum rate then was suspended and did not operate from August, 1932, to February, 1934?—A. Practically, yes.

Q. And during that period of time the employee just got what the employee earned?—A. Yes.

Q. Without any guarantee or without any special money?—A. No.

By Mr. Factor:

Q. What is the total number of employees in the Saint John factory, female?—A. They have been averaging about 100.

By Mr. Sommerville:

Q. It is set out here?—A. In 1930 it ran 150 of women piece workers, and there are some other time workers as well.

Q. And now it is 100?—A. Yes. No statistics were readily available from which to determine the average earnings or receipts of those employees. During the time that the guarantee rates were not in force they did not keep a full

record of the hours earned by the employees, therefore, the two statements Wst-1 and Wst-2 are not quite as accurate a reflection as they might be. They include maybe overtime and possibly short time. It is solely based on the number of days that the employee worked.

On statement No. Wst-3 is shown a copy of the department's pay-roll record for week ending 13th January, 1934, obtained from a memorandum forwarded to head office which shows the average earnings per hour, etc., and the average hourly rates.

Q. Just let us look at statement Wst-3. This is for the week ending 13th January, 1934?—A. Yes.

Q. And you have taken this on a sample week of the plant?—A. Well, it was one of the few weeks—I think it was about the only statement available that showed the actual hours worked by the employees. It was contained in a memorandum which had been forwarded to head office from Saint John.

Q. How were the employees records of time kept from August, 1932, to February, 1934, if they did not keep the hours?—A. Well, there was no complete book-keeping system, and there was no legislation which made it necessary that it should be kept.

Q. Well then, how were the employees earnings reckoned?—A. On a piece work basis.

Q. On a piece work basis?—A. Yes.

Q. With no guarantee?—A. Without any guarantee.

Q. And the employee kept a record of the number of pieces that were worked and the firm kept a record of the number?—A. Yes.

Q. Irrespective of the fact that they may be working a day?—A. Yes. The hours worked had no reference to the amount they paid them, and the company stated that during that time the employees were permitted to wait on the premises for work and that would tend to reduce the rates of earnings shown.

Q. Well then during this period you did find a report sent in to the head office at Toronto which covered the week ending 13th January, 1934?—A. Yes.

Q. And that gave a list of the employees?—A. Yes.

Q. And gave the days they worked and the number of hours they worked?—A. Yes.

Q. And the wages they were paid?—A. Yes.

Q. The average rate per day and the average rate per hour?—A. Yes.

Q. Now then, that is the statement which you are now giving us?—A. Yes.

Q. Is that printed?—A. Yes it is. The first nine employees on the list, Nos. 100 to 108, worked from 13½ hours to 40½ hours, and their average earnings were 12, 13 and 14 cents per hour.

Q. That is, they earned from \$1.07½ to \$1.26½ a day?—A. Yes.

Q. Full hours for a full day, and that is equivalent to 12 cents, 13 cents or 14 cents an hour full time?—A. Yes.

By Mr. Young:

Q. By the way, were these people doing the same kind of work as was being done in the Toronto factory?—A. No, the St. John factory is an overall and work shirt factory, on the rougher type of work; the Toronto factories are manufacturing fine dresses.

Q. We had shirts in the Toronto factory also?—A. Yes, those would be dress and fancy shirts, these are khaki and work shirts and overalls.

The CHAIRMAN: Heavier work.

The WITNESS: Work of a rougher character.

By Mr. Heaps:

Q. This firm in St. John, however, spoke of competing with Toronto firms who were compelled to observe the Minimum Wage Law for the same class of

goods?—A. They were selling the same class of goods as Carhartt's and other firms who sell overalls and work shirts.

By Mr. Sommerville:

Q. We had a list of the purchases made from the St. John factory by the Toronto plant?—A. Yes.

Q. And they were in competition with overall and work shirt firms in Ontario who were paying a minimum wage under the minimum wage laws, there is no doubt about that?—A. Then the next employee, 109: worked 45 hours for which she received 25½ cents an hour. Number 110 worked 45 hours and was paid at a rate of 19½ cents an hour. Then there were about half a dozen employees working a shorter time averaging from 10·5 cents to 13 cents an hour; then No. 120 averaged 20 cents per hour; then there are a number averaging, varying from full time or nearly full time, from 9 cents to 18 cents per hour, and so on.

Q. Then 14 cents and 11 cents.

The CHAIRMAN: At the bottom of the page there are quite a number working full time.

Mr. SOMMERVILLE: Here is one working five days, 45 hours, earning \$1.21 and \$1.23 a day, or 13½ cents an hour.

By Mr. Kennedy (Winnipeg):

Q. There is one, No. 218, got 2 cents an hour?—A. I was just going to call the committee's attention to the printed sheet, that is an error in printing, it should be 9 cents. It is 9 cents in the original.

By Mr. Sommerville:

Q. At \$1.07 per day that employee got 9 cents an hour?—A. Yes.

Q. Then, from 201 down?—A. 201 got 16½ cents; 202 got 10½ cents; 203 got 18 cents.

Q. Wait a minute, 203 worked 62 hours that week?—A. Yes.

Q. And earned \$2.23 a day, that would be 18 cents an hour; that would be how many hours a day?—A. That would be over 12 hours a day. The company stated that the hours listed here were not indicative of the ordinary working hours. The ordinary working hours are nine hours a day. At this particular time, due to some previous shortage I believe in material they have been working longer hours than usual.

Mr. FACTOR: They were working overtime.

By Mr. Sommerville:

Q. But with that overtime work for 62 hours a week, the entire earnings of the employee was \$11.15?—A. Yes.

Q. Now then, the next one—61 hours?—A. Earned \$8.25 or 13½ cents an hour.

Q. That is \$1.65 a day or 13½ cents an hour?—A. Number 205 worked 61 hours, earned \$11.20 or 18½ cents an hour. Number 206 worked 58½ hours, earned \$14.60 or 25 cents an hour.

At the request of the Chairman Mr. J. L. Ilsley took the Chair.

Mr. FACTOR: I see we have Mr. Ilsley in the chair now.

Mr. SOMMERVILLE: We are dealing with the Maritimes now.

The ACTING CHAIRMAN: I notice that, Mr. Sommerville.

By Mr. Sommerville:

Q. Then the next, No. 207?—A. Worked 59 hours, earned \$9.35 or 15½ cents per hour.

Q. That was \$1.87 per day?—A. Yes.

Q. Just carry that through, 15½ cents per hour?—A. Yes.

Q. Here is No. 210?—A. Worked 26: hours, earned \$2.10, \$1.05 per day or 8 cents per hour.

Q. No. 212?—A. Worked 5 days, 58½ hours, earned \$5.10 or \$2 per day, which was 8½ cents per hour.

Q. The next one, No. 214?—A. Worked five days, 50 hours; received \$5.10 or \$1.02 per day or 10 cents an hour.

Q. Then No. 217?—A. Worked 5 days, 63 hours; received \$11.25, which was equal to \$2.25 per day, or 18 cents per hour.

Q. And the next one, 216?—A. Worked 3 days, 35 hours; received \$3.40 which was equal to \$1.13 per day, or 9½ cents per hour.

Q. And the next one, 217?—A. Worked 5 days, 58½ hours; received \$6.30 which was equal to \$1.26 per day, or 10½ cents per hour.

Q. And the next one?—A. No. 219: Worked five days—No. 218, worked 3 days, 35 hours; received \$2.20 which was equal to \$1.07 per day or 9 cents per hour.

By Mr. Heaps:

Q. I presume all these are experienced employees?—A. The list does not indicate whether or not they were experienced.

By Mr. Kennedy (Winnipeg):

Q. Did it indicate whether they had been in their employ for some time?—A. No, it did not.

By Mr. Sommerville:

Q. There was nothing to indicate the length of time they had been in their employ?—A. No.

Mr. FACTOR: There is another thing, Mr. Sommerville, are you going to show the prevailing rates paid to employees in other factories at St. John.

Mr. SOMMERVILLE: I do not know whether we have that or not.

Mr. NASH: We have not, Mr. Factor.

Mr. FACTOR: It would be interesting to compare this information with what the other factories are paying.

By Mr. Sommerville:

Q. Take No. 222?—A. Worked five days, 61 hours; received \$8.05 which was equal to \$1.61 per day or 13 cents per hour.

By Mr. Heaps:

Q. Did these girls work 12 hours per day?—A. Not as a regular matter; as I explained a minute ago the company stated that the ordinary factory week was from 45 to 50 hours, but that in this particular week on account of some previous scarcity of material they were working longer hours than ordinary. I think as a matter of fact the St. John factory has run rather on short time than on long hours.

By Mr. Sommerville:

Q. At any rate, this employee for 5 days worked 61 hours, which is practically 12 hours a day, a little over 12 hours a day, at 13 cents per hour?—A. Yes.

Q. And the next employee?—A. No. 223: worked 5 days, 59 hours; received \$9.40 for the week which was equal to \$1.88 per day, or 16 cents per hour.

Q. The next one?—A. No. 224 worked 5 days, 63 hours; received \$9.70 which was equal to \$1.94 per day or 15½ cents per hour.

Q. Take No. 26?—A. Worked two days 30 hours; received \$2.85.

Q. That was 15 hours a day?—A. An average of \$1.42½ per day, which was equal to 9½ cents per hour.

Q. And the next one, No. 227?—A. Worked four days, 57 hours; received \$4.70 for the period.

Q. That is 14 hours?—A. An average of \$1.17½ per day or 8 cents per hour.

Q. The next one worked 4½ days?—A. 52 hours, received \$5.45 which was an average of \$1.21 per day or 10½ cents per hour.

By Mr. Young:

Q. How does it come that there is one employee earning 25 cents per hour; is that a skilled worker, more skilled than the others?—A. I cannot tell you.

By Mr. Sommerville:

Q. Would that be a forelady, or somebody paid at a higher rate?—A. I cannot tell you.

By Mr. Kennedy (Winnipeg):

Q. Are these the prevailing wages paid in the St. John factory?—A. These are the wages paid for that week.

Q. Did you test other weeks?—A. On my previous statements you have the averages, and you have the fact that the guaranteed wage was \$6 and \$7.50 per week. You will see on statement WST-2 the percentage of employees who were bonused during the periods indicated to bring them up to these guaranteed rates which were from 28 per cent to 61 per cent in the case of the overall department.

Q. Yes, but you say they have a guaranteed minimum, but in this particular week in which you make a test that is not indicated.

By Mr. Sommerville:

Q. The guarantee was off that week?—A. I understand the guarantee was suspended for a year and a half.

Q. But during this year, take for instance statement WST-2, you have given us four weeks in 1929 when the guarantee was on?—A. Yes.

Q. And the guarantee at that time was \$7.00 a week in the overall department?—A. Yes.

Q. Now, for the week ending 21st March, 1929, while that guarantee of \$7.00 was on in the overall department?—A. There were 26 employees, 42 per cent of whom were below the minimum.

Q. 42 per cent of them could not earn \$7.00 a week, and they were bonused?—A. \$1.63 per week.

Q. And they got an average of \$1.63 per week bonus?

The Hon. H. Stevens resumed the chair.

By Mr. Sommerville:

Q. Then the next week, the 28th March, 1929?—A. 24 employees, 37 per cent below the minimum were bonused \$1.62 on the average.

Q. Better the next week, the 24th October?—A. There were 32 employees, 59 per cent were below the minimum, and they were bonused \$1.94 on the average.

Q. And the next week?—A. The 31st November: 35 employees of whom 61 per cent were below the minimum, and \$2.26 was the average bonus.

Q. In other words, the average during these four weeks, the percentage of employees bonused, was 49 per cent?—A. Yes, by \$1.90.

Q. That is, practically one half of the employees were unable to earn the \$7.00 a week guaranteed.

Mr. HEAPS: There may be two reasons for that: perhaps they did not work full time; or working full time, perhaps they could not earn that amount.

Mr. ILSLEY: This was at the rate of \$7.00 a week, wasn't it?

Mr. SOMMERVILLE: Yes, at the rate of \$7.00 a week.

By the Chairman:

Q. If they only worked half a week, they would be paid \$3.50, and \$3.50 would be made up separately?—A. Yes.

By Mr. Heaps:

Q. Were they guaranteed \$7.00 a week, whether they worked a full week or not?—A. It is on the same basis as the Minimum Wage in the Province of Ontario.

By Mr. Ilsley:

Q. This will indicate that during the period when the guarantee was in operation in St. John, that they put up more than half?—A. The guarantee was in force during these particular weeks you are looking at.

Q. But assuming that the same proportion continued, there was no bonus given during that period of suspension of the guarantee; that is correct.

The CHAIRMAN: That is right.

Mr. SOMMERVILLE: There was no bonus during that period.

By Mr. Ilsley:

Q. Then, assuming that this represents the condition of affairs which continued after the guarantee was suspended, it meant that during that long period in which about half the employees in that factory have been working full time, they would have been earning \$7 a week?—A. The information which has just been presented is from our statement WST-3, and is for the period during which the guarantee was not in force.

By Mr. Sommerville:

Q. I think you will find it a little further down, Mr. Ilsley; when we come to 1932 on that same page?—A. In 1930, taking the four weeks together, there was an average of 48 employees of whom 45 per cent were below the minimum an average of \$2.60.

Q. Yes, and then in 1931?—A. There were 26 employees of whom 41 per cent were below the minimum to the extent of \$2.31. I think in that case that would be below the ordinary number employed in that department.

Q. Then, for March of 1932, you had 30 per cent of the employees who were not able to earn the guaranteed minimum?—A. There were only 14 employees at that time.

Q. When the guarantee was suspended from that period, and you did not record anything except this other sheet?—A. Yes.

Q. W-3, until the 22nd March, 1934?—A. Yes.

Q. And then you say 28 per cent in March, 1934, were unable to earn the guarantee of \$7.50?—A. Yes.

Q. The average amount necessary to bonus them was \$1.21?—A. Yes.

Q. Now, on the 29th March, 1934, 41 per cent were unable to earn it, and to the extent of \$1.51, they were bonused?—A. Yes. Those are only for those periods. In some cases they are fewer than ordinarily, and in other cases, they would be about average.

By Mr. Ilsley:

Q. You took the test period at the beginning of the period, and your test period showed that 30 per cent of the female workers, or piece workers in that factory had to be bonused?—A. Yes.

Q. And you took a test period at the end of the time?—A. Yes.

Q. At that test period, 35 per cent had to be bonused?—A. Yes.

Q. Well, it would be fairly reasonable that during the period, then, when bonus was suspended, that between 30 and 35 per cent of the female piece work employees in the Saint John factory did not earn, did not get, did not receive, the rate of \$7 a week. What was the rate again, \$7 a week for experienced employees, is it not?

Mr. SOMMERVILLE: \$7.50 now.

The WITNESS: \$7 then.

By Mr. Ilsley:

Q. That is what the evidence would indicate during that period, would it not?—A. Yes—just a moment, I should make a slight correction there. The number of employees shown on statement WS-2 is the number not earning the minimum. If you look at ST-1 you will find the total number of employees in those departments in the same week. For instance, on the 25th March, 1929, there were 62 employees in the overall department. Statement WS-2 shows 26 employees; so that is 42 per cent of the 62. On WST-1, for week ending March 21st, there are 62 employees. Now, if you turn to WST-2 you will see the number of employees shown there is 26, which is 42 per cent of 62 employees.

Mr. FACTOR: That would mean that there were 36 who were earning the guaranteed rate?

The WITNESS: Yes.

By Mr. Sommerville:

Q. 26 were not?—A. 26 were not.

Q. That clears that up. The bonused employees is the percentage of all employees who were working?—A. It will be the difference between the 42 per cent shown on WS-2 and 100, 58 per cent—I beg your pardon. The percentage bonused are the percentages shown on WS-2. On the right hand side of the sheet is the same information for the work shirt department. In that department there was shown a smaller percentage of employees being bonused.

Q. In the work shirt department?—A. Yes, a smaller percentage than in the overall department, which is shown on the left hand side of the page.

Mr. YOUNG: Are there any other clothing factories in Saint John, besides this one?

The WITNESS: I do not know sir.

Mr. YOUNG: Are there, Mr. Bell?

Mr. BELL: I do not think so.

The WITNESS: There is one other clothing factory in Montreal.

By Mr. Sommerville:

Q. Now, let us deal with the clothing factory in Montreal?—A. Statement WM. 15 has not been printed, but it shows a classification of the employees in the weeks of 21st and 28th September, 5th October, and 12th October, 1932, and approximately the same weeks in 1933.

Q. In 1933?—A. Yes, and the female employees. This shows those who worked less than half a day, half a day, one day, and so on, up to five days. That shows all those who worked five days, running from 20 to 30 employees in 1932, and from 79 to 110 employees in 1933. The average wages they received

were from \$13.40 up to \$15.38, for all employees and there is only a small number, a small percentage at any time in that factory, who earned less than the minimum wage. There is a minimum wage in the province of Quebec for factory workers only.

Mr. FACTOR: That seems to indicate a higher scale of wages in Montreal?

The WITNESS: Yes.

The CHAIRMAN: Than in Toronto?

The WITNESS: In the clothing factory.

By Mr. Sommerville:

Q. In their clothing factory, F. 31?—A. Yes.

Q. A higher scale of wages paid there than in their clothing factory at Toronto?—A. Than in the clothing factory. As a whole, the Montreal clothing factory is only a boys' clothing factory, and I think some men's clothing.

By Mr. Heaps:

Q. A higher scale of wages paid there than in their clothing factory at minimum wage in the province of Quebec, which provides for \$12.50 per week on the island of Montreal for fully experienced employees.

Q. That is not higher than the wage rate in the province of Ontario?—A. It is the same guaranteed minimum. There was a smaller percentage of the employees in the Montreal factory who did not earn the minimum. In no case did it amount to 20 per cent, I believe.

Q. They work on a piece work basis in Montreal the same as Toronto?—A. Yes, these are piece workers I am speaking of.

Mr. FACTOR: That is the sort of refreshing piece of information.

The WITNESS: I think probably that factory should be compared more with the F. 7 departments in Toronto, which is more or less a similar line of goods.

By Mr. Sommerville:

Q. F. 7 does not show as good a wage scale as that?—A. F. 7 is of a similar class, or more nearly similar.

Q. While we are dealing with the Maritimes, let us have the Moncton store.

Mr. FACTOR: Are you finished with Montreal?

Mr. SOMMERVILLE: We will come back to the Montreal stores.

The WITNESS: These are the statements numbered WO—

Mr. FACTOR: Have you passed up WM. 15?

Mr. SOMMERVILLE: What else is there?

The WITNESS: That is the only schedule on the Montreal factory workers. It shows male workers at the foot of the schedule.

Mr. SOMMERVILLE: And female workers.

Mr. FACTOR: I think you had better put that on the record.

The WITNESS: It has not been printed.

Mr. NASH: It is a very small factory.

The WITNESS: It is not a large factory.

By Mr. Sommerville:

Q. For female workers in 1932, for the week ending 31st September, 5 days, 20 employees, \$13.40; week ending 28th September, 32 employees, \$13.68; week ending 5th October, 20 employees, \$14.04 in 1932. Then, in 1933; for the week ending 20th January, 99 employees averaged \$14.17?—A. Yes.

Q. Week ending 27th September, average 79 employees, \$14.67, and the week of 4th October, average employees 110, average pay per week \$15.38.

Mr. FACTOR: This pay must be considerably higher than the prevailing rate of pay in the other factories?

The WITNESS: I think you will find evidence on that point later.

Mr. SOMMERVILLE: Then in the mail order, which embraces about 200 or more female workers on the average.

The CHAIRMAN: 236 in 1933?

The WITNESS: Yes, and about 88 male workers in 1933.

By Mr. Sommerville:

Q. For the male workers, the rates in both years were practically the same?—A. Yes.

Q. For the week ending 20th September, 1933, it was \$24.77 average for 51 employees; on the 20th September, for 45 employees it was \$25.57, and for the week of the 4th October, it was \$28.96 for 56 employees?—A. Yes.

Q. Does that not include the wages of the manager and the other superintendents in the factory?—A. No, these are piece workers.

Q. Piece workers alone?—A. Yes. Now, the Moncton wages that you were speaking of, are found on a number of statements. There is a brief summary of this printed.

Q. A brief summary of the Moncton wages?—A. Yes.

Q. Where is that found in my book?—A. WO. 1, 2, 3, and 4.

Q. WO-Moncton?—A. WO-1 shows the Moncton mail order employees.

Mr. FACTOR: Are there any other factory employees outside of Toronto and Montreal?

The WITNESS: There is a small Winnipeg factory which we did not specifically refer to.

By Mr. Sommerville:

Q. Now, with reference to the Moncton mail order employees.—A. They were classified for the week ending 18th October, 1933.

Mr. YOUNG: Is that printed?

The WITNESS: Statements have not been printed, but there are some comments on the statement on the right hand lower printed page.

Mr. YOUNG: Yes.

The WITNESS: The mail order employees. The female employees on that date totalled 111.

By Mr. Sommerville:

Q. On what page of the narrative is your reference?—A. It will be found on the short printed statement. WO-1, female employees on October 8th, 1933, mail order division, 6 employees from \$7 to \$7.99; 9 from \$8 to \$8.99; 22 from \$9 to \$9.99; a total of 37 under \$10, or 33.3 per cent of the whole.

Q. Thirty-three per cent; that is, 33 of the 111?—A. 37 out of 111.

Q. Thirty-seven female employees out of 111 on weekly wage rates?—A. Yes.

Q. No piece time workers?—A. No; these are mail order employees.

Q. Then, 37 out of 111 received under— —A. Under \$10.

Q. A week?—A. 29 received from \$10 to \$10.99; 27 from \$11 to \$12.

Q. That makes 93 out of 111 receiving \$12 or less?—A. Yes. Then there were 15 receiving from \$13 to \$16, and three over those rates running up to a high of somewhere around \$22 to \$25. The male employees are shown on the same page. There were 8 out of 116 at \$10 or less, and the largest groups of male employees are in the classes of 17 at \$11 to \$12.

Q. Seventeen male employees?—A. At \$11 to \$12; 25 from \$13 to \$15.99; 16 from \$16 to \$18.99; 16 from \$19 to \$21.99; 11 from \$22 to \$25.99; 12 from \$26 to \$30.99 and 7 running from \$31 to \$40.99.

By Mr. Factor:

Q. With regard to those 8 employees from \$7 to \$9.99, were they boys?—A. I have not any information on that point. Generally speaking, the lower paid male employees are juniors.

By Mr. Kennedy (Peace River):

Q. What is the meaning of the term "expense employee"? It says here that there are expense employees?—A. The company classifies as an expense employee anybody who is not a productive worker. That is, a sales clerk is regarded as a productive worker, but parcellers and so on are direct expense employees.

THE T. EATON CO. LIMITED

SUMMARY OF MEMORANDUM REGARDING WAGES OF THE MONCTON STORE AND MAIL ORDER EMPLOYEES

Store Sales Staff—

Out of a total of 118 female sales clerks, 101 received wages of \$12.00 or less per week, of whom 40 received rates under \$10.00.

Expense Employees—

Out of a total of 267 female expense employees, 240 received wages of \$12.00 or less per week, of whom 61 received rates under \$10.00.

Mail Order—

Of a total of 111 female mail order employees, 93 received wages of \$12.00 per week or less. 37 of these received under \$10.00.

In WO-2 is a classification of the Moncton sales staff in the store. Forty employees received \$10 or less, that is from \$7 to \$9.99—8 from \$7 to \$7.99; 14 from \$8 to \$8.99, and 18 from \$9 to \$9.99, or 33.9 per cent out of a total of 118.

By Mr. Sommerville:

Q. Forty employees?—A. Yes.

Q. That is, on the sales staff?—A. Yes.

Q. Forty out of 118 receiving under \$10?—A. Yes. Thirty received from \$10 to \$10.99 and 31 from \$11 to \$12, making a total of 101 out of 118 receiving \$12 or less. The earnings are spread over the higher rates.

Q. That is, practically the whole sales staff of the Moncton store received \$12 per week or less?—A. Something over 80, from 80 to 85 per cent. There were 43 males employees, of whom 7 were under \$10, but the largest group were fairly spread out; 7 from \$11 to \$12; 10 from \$16 to \$19, and the others coming in at various rates up to \$36.

Q. That is, there are 55 per cent of the male employees who are under \$16 per week?—A. Yes.

Mr. FACTOR: Out of 43 men?

Mr. SOMMERVILLE: Yes, out of 43 employees.

By Mr. Sommerville:

Q. Now, take the next one, the Moncton store and mail order expense staffs?—A. The female is on the right. Out of a total of 267, 22.8 per cent are below \$10; 120 are \$10 to \$10.99; 59 from \$11 to \$12, or a total of 240 out of 267 are \$12 or less.

Q. That is about 90 per cent?—A. Most of the remainder come in the \$13 to \$16 class, of which there are 15.

Q. Is that correct, that 90 per cent of the female employees receive \$12 or less in the Moncton store?—A. Yes.

Q. And mail order expense staff?—A. Yes. On the left are the male employees. There were 39 or 20 per cent below \$10; 9 at \$10 to \$10.99; 16 at \$11 to \$12, or a total of 64 out of 195 below \$12. Most of them come in the group \$16 to \$18.99, of which there are 43 employees; 28 come from \$19 to \$21.99 and 21 come in the class from \$22 to \$25.99.

Q. There are 62 per cent of the male employees receiving under \$19?—A. Yes.

Q. Out of a total of 195 male employees?—A. Yes.

Q. This would include clerks and book-keepers?—A. Yes, elevator operators, porters, parcellers.

Q. The next is salaries paid to employees not included in the weekly payroll?—A. I believe this is with the exception of one which was included in the 40 of your top bracket, that you have already dealt with.

Q. Forty in the head office?—A. Yes.

The CHAIRMAN: The favoured few.

The WITNESS: Because they are not all at the head office. Some of them are at Montreal and Winnipeg. There was a total of 16 of these people comprising merchandise department managers and their assistants and heads of the expense department. With regard to the salaries of these people, there were 7 between \$2,000 and \$3,000; 8 between \$3,000 and \$4,000, and one between \$4,000 and \$5,000, at that date. They received a total of \$48,413, and bonuses of \$6,550.

By Mr. Sommerville:

Q. That is about 12½ per cent of bonus on this salary?—A. In addition to that, there were mail order employees who were not bonused numbering 18 for the full year, and of whom the majority received from \$2,000 to \$3,000.

Q. In other words, the salaries paid to those not bonused was \$46,179?—A. Yes.

Q. While the salaries paid to those bonused was \$48,413?—A. Yes. The salaries paid to those not bonused include 18 for a full year and 3 for part of a year. There were also 4 female employees for a full year and 2 for part of a year receiving less than \$2,000, who were not included in the previous list, and 3 executives.

By the Chairman:

Q. There are 3 executives?—A. Yes.

By Mr. Sommerville:

Q. Three executives, with total salary and bonus of \$40,000?—A. Yes.

By the Chairman:

Q. That is at Moncton?—A. Yes.

By Mr. Sommerville:

Q. Does that cover Moncton?—A. That covers all of the Toronto factory and other productive workers at Toronto, the Saint John factory, the Moncton store and mail order and the Montreal factory. You could finish Montreal, I think, in about fifteen minutes, if you wish to do so.

Q. This memorandum you have got is regarding the Montreal store?—A. Yes.

Q. We will just finish that one. This is a printed memorandum?—A. There is a printed memorandum in the statement.

THE T. EATON CO. LIMITED

SUMMARY OF MEMORANDUM REGARDING WAGES OF THE MONTREAL UNITS

General—

The indirect benefits, working hours and holidays of the Montreal units are to a large extent the same as in Toronto.

In general, reductions in wages have been greater than in the Toronto units. In 1929, there were 2,744 employees who received \$3,103,580.70. In 1933 the number was only 110 less, but their total remuneration was only \$2,214,072.88 (excluding bonuses in each case).

There are no minimum wage regulations governing female employees except in the factory.

Sales Clerks—

The average salary and commission of male sales clerks has declined from \$24.68 per week in 1929 to \$19.06 in 1933.

The total remuneration of female sales clerks declined from \$15.77 in 1929 to \$12.90 in 1933. This is less than the average weekly wage of women piece-workers in the Eaton, Montreal clothing factory.

As in the case of the Toronto units, commission does not form a large part of the remuneration, and in the case of female clerks 227 received a weekly wage, exclusive of commission, of less than \$11.00, and 467 out of a total of 534 received less than \$14.00.

The remuneration of male sales clerks is considerably higher.

Restaurant Workers—

123 out of a total of 163 female employees in the restaurants received wages of from \$8.00 to \$9.99 per week, but in addition to this they received meals valued at possibly \$2.50 per week, and in addition some gratuities.

General Expense—

Of a total of 466 female general expense employees 247 earned wages of less than \$11.00 per week. 150 of these received less than \$10.00 per week, spread in fairly even numbers from \$4.00 upwards.

A great many of these employees are juniors, having such duties as parceling, etc.

Sales Expense—

The average wage of female sales expense employees is slightly higher than general expense employees.

Part Time Employees, Male—

The majority of these are on an hourly rate of 50c. or a daily rate of from \$2.00 to \$3.00. In 1929 most of these employees were on an hourly rate of 80c. or a daily rate of from \$3.00 to \$3.99.

Part Time Employees, Female—

The rates in force here correspond approximately with those paid to sales and general expense help. There are a considerable number of half-time workers employed at from \$4.50 to \$6.99 per week, and three-quarter time employees earning from \$6.00 to \$7.99 per week.

Reserve Staff—

Of a total of 188 female employees on the reserve staff, 175 are employed at rates of \$9.00 or less.

Toilet Sundries Department—

In this Department 19 girl demonstrators were employed at an average wage of \$18.36 per week, or a total weekly wage of \$348.90, of which \$35.25 was paid by the Eaton Co.

The regular selling staff paid exclusively by the Eaton Co., numbered 16 girls receiving an average wage of \$12.37 per week.

The wages selling cost to the Company of these employees was 3.1%.

Executives—

Salary and bonus paid to 57 executives in 1929 was \$343,355.70. In 1933, 49 executives received \$227,633.05. These are exclusive of three senior executives who are reported on in the confidential memorandum.

There were in addition between 30 and 40 other employees receiving salary at the rate of \$50.00 per week or more.

Montreal Factory—

The minimum wage in the Province of Quebec for experienced factory needle workers is \$12.50 per week. Only a small percentage of the employees earned less than these rates, the average being around \$13.00 to \$14.00.

Statement WM-1 is a statement of the total pay-roll, which was \$3,100.

Q. Just a minute. Are they printed?—A. None of the Montreal statements have been printed. This statement shows that in 1929 the total salaries and wages paid in the Montreal units were \$3,103,508.70.

Q. These facts are set out in the printed summary?—A. Yes. This sum was paid to an average of 2,744 employees. In 1933 there was an average of 2,634 employees, who received \$2,214,072.88.

Q. That was for 2,634 employees?—A. 110 fewer employees, a reduction of almost \$900,000 in the total pay-roll.

Q. That is from 1929 to 1933 the drop in the pay-roll was \$900,000 on a \$3,000,000 pay-roll?—A. Yes.

Q. About 30 per cent?—A. Yes.

Q. A \$900,000 saving?—A. There were about 110 fewer.

Q. There were 110 fewer employees in 1929 than in 1933?—A. Yes.

By Mr. Factor:

Q. That includes salaries paid to managers?—A. Executives and all others.

Q. Store executives?—A. Yes.

By Mr. Sommerville:

Q. But included in both expenses?—A. Yes. WM-3 are the sales clerks of the Montreal store. The male sales clerks in 1929 averaged in salary and commission—

Q. Before you take WM-3, let us take WM-2?—A. That is just the number of employees.

Q. In WM-2 you show, in 1929, 1,211 male employees?—A. Yes.

Q. And in 1933 you show 1,108?—A. Yes.

Q. And you had practically the same number of female employees?—A. Yes, there was a difference of only seven female employees, but there was a reduction of 103 in the male employees.

Q. The reduction of 110 employees in the Montreal staff came practically all or mainly from the male employees?—A. Yes.

Q. The female employees being retained at the same number, or only seven less?—A. Yes. The average salary plus commission of the sales clerks was \$24.68 in 1929 and \$19.06 in 1933.

By Mr. Factor:

Q. That is male?—A. Yes, some decrease in each year. The average salary and wage of female employees was \$15.77—that is average salary plus commission.

By the Chairman:

Q. Weekly, you are talking about?—A. Yes. The average salary plus commission was \$15.77 in 1929 and \$12.90 in 1933. In the case of the male employee, the salary rates and commission rates both show reductions. In the case of the female sales clerks, there is a greater reduction in the salary, of approximately \$3, and the commission increased very slightly in the last year.

Q. Statement WM-4 is a classification of the sales clerks at their salary rates, but excluding commissions. There were 255 male clerks at October 16, 1929, and at October 18, 1933, 254; the position in 1933 being that, of the 254 male sales clerks, 30 were under \$13 or 11.8 per cent and there were 77 under \$16, or 30.3 per cent.

Q. Wait a minute. In 1929 there were only 2.7 per cent of the male employees who were getting less than \$13?—A. That is right.

Q. And in 1933 there were 11.8 per cent who were getting less than \$13?—A. Yes.

Q. In 1929 there were 8.2 per cent who were getting under \$16—A. Yes.

Q. And in 1933 there were 30.3 per cent who were getting under \$16?—A. Yes. Yes.

Q. And in 1929, 34 per cent were getting under \$20?—A. Yes.

Q. That is, 193 employees out of 254 were getting less than \$20?—A. Yes. Most of the remainder were in the \$20 to \$26 class.

Q. Now, what about the female employees?—A. Of the female employees in 1929, at the 16th of October, there were 10 or 1.7 per cent who were below \$10; in 1933, there were 26 or 4.9 per cent. In 1933 you have 201 earning from \$10 to \$11, 59 from \$11 to \$12.

Q. Two hundred and one earning under \$11?—A. Yes.

Q. That represented 40 per cent of the entire staff of female employees?—A. Yes.

Q. Earning from \$10 to \$11 in 1933; and in 1929, relative to that, what was there?—A. There were thirteen.

Q. There were only thirteen earning less than that?—A. Fifty-nine from \$11 to \$12 in 1933, and only twelve in 1929. There were 111 in 1933 earning from \$12 to \$12.99, and in 1929 there were 196, some of whom in the meantime had been reduced to this earlier class we are covering. So that in total there were in 1929 38.1 per cent under \$13 and in 1933, 74.3 per cent.

Q. Two hundred and thirty-one employees out of 606 were getting less than \$13 in 1929?—A. Two hundred and twenty-seven.

Q. Two hundred and thirty-one?—A. Yes.

Q. And in 1933 there were 397 employees out of 534 who were getting less than \$13?—A. And of the balance seventy were in the class from \$13 to \$13.99, making a total in 1933 of 467 out of 534 who would be below \$14.

Q. What percentage would that be—467 of 530?—A. About 85 per cent.

Q. More than that—90 per cent?—A. Between 85 per cent and 90 per cent—67 at higher rates, which would be about 12 per cent.

By Mr. Young:

Q. Have you any figures to show whether the cost of living had declined in the same proportion as these wages and salaries?—A. No, I have not; but in each case, as I pointed out before, this is excluding commissions—the average earnings, including commissions, being shown on the previous page.

By Mr. Sommerville:

Q. Now, turn over to the restaurant employees (WM-5)?—A. On the first page are the male restaurant employees, of whom there are only a total of twenty-five in 1933, and they are spread across quite a wide range, eight of them being from \$14 to \$15. On page 2 are the female restaurant employees. I might say that this statement is the actual wage they receive, in addition to which they are allowed certain meals and gratuities.

Q. They get tips. You do not know what they are?—A. No.

Q. But these are the wages?—A. This is the wage exclusive of meal allowances. There were 163 female employees in each of the two periods selected, 1929 and 1933, and it will be seen that where there were sixty-seven receiving from \$8 to \$9 in 1933 there were none in 1929. It just represents a reduction along the line of about \$1 a week.

Q. Let us see how this works out. There were forty-seven in 1929 who were getting under \$10?—A. Yes.

Q. And that was 28 per cent of the whole?—A. Yes.

Q. In 1933 that had increased to 123 employees out of 163?—A. Yes.

Q. Or 75 per cent of the whole were getting under \$10?—A. Yes, under \$10; but what accomplished that really was a reduction of about \$1 per week in these employees—they just slide one class. Now, on WM-6 are the expense employees, excluding the restaurant—including the delivery staff. The first item is the male employees. There were below \$10 in 1929, 7 per cent; in 1933, 10·3 per cent. The total number under \$13 in 1929 was 13·6 per cent and in 1933, 23·5 per cent. The total under \$16 in 1929 was 20 per cent and in 1933 it was 41·4 per cent.

Q. In other words, the number of persons getting under \$16 in 1933 is double in percentage what it was in 1929?—A. Yes.

The CHAIRMAN: That is male?

By Mr. Sommerville:

Q. Now, take the female employees?—A. Female, WM-7. In 1929, 25 per cent were receiving \$10 or less; in 1933 it was 30·3 per cent, of which twenty-five were getting from \$4 to \$5, fifteen from \$5 to \$6, twenty-nine from \$6 to \$7, twenty-four from \$7 to \$8, thirty-seven from \$8 to \$9, forty-two from \$9 to \$10—a great many of whom were younger girls on parcelling duties.

Q. So that in 1929 there were none who were getting below \$6?—A. Yes.

Q. Now there are forty?—A. Yes. In 1933 there were 125 who were getting from \$10 to \$10·99, making a total of 297 out of 568, or more than 50 per cent, who are getting below \$11.

Q. That is the general expense employees—clerks.

The CHAIRMAN: Is there no minimum wage on them?

The WITNESS: There is no minimum wage in the province of Quebec for store employees.

Now, the total under \$13: 1929, 45·6 per cent; 1933, 64·8 per cent. Total under \$16: 1929, 64·7 per cent; 1933, 84·7 per cent.

By Mr. Sommerville.

Q. Take the next classification?—A. General expense employees. This is a breakdown of both male and female employees shown on the previous schedules according to the nature of their duties—delivery, caretaking, mechanics, parcelers and elevator operators.

Q. I observe in that one—in 1929 there were 44 delivery clerks who were getting under \$16 and now there are 58?—A. Yes.

Q. That is the relative change?—A. You will see from that that most of the lower paid female employees are parcellers who are generally young girls starting on that work and later on would be sales clerks at a higher rate.

Q. In 1929 there were none of them at such low rates?—A. Not quite—a couple of dollars lower. WM-9—classification of the part-time employees. There were 135 in 1929 who were on daily rates and an additional 72 on hourly rates, and 59 in 1933 on daily rates and 62 on hourly rates.

Q. The main change there is that in 1929 there were only nine who were getting \$3 or less per day for the daily and week-end rate, whereas in 1933 there are 47 getting less than that?—A. Yes; and in the hourly class there would be 66 in 1929 at 80 cents per hour, and this group is now at 50 cents.

Q. All of the 62 hourly employees are getting 65 cents an hour?—A. Yes. In the female part-time employees there is a reduction of the number at daily rates, there is an increase in the number of half-time employees and a slight increase in the number of three-quarter time employees.

Q. Those are employees, who, instead of serving the full day, come in for certain hours—three-quarters of the day?—A. Half-time or three-quarter time. In 1933 there were 28 half-time employees at \$4.50 a week; 26 at \$5 to \$6; 31 at \$6 to \$7.

Q. Eighty-five were getting under \$7 per week?—A. For half-time work.

Q. Eighty-five out of 97; whereas in 1929 there were only 17 who were getting under that?—A. But there were fewer half-time employees.

Q. There are more half-time employees now and they are getting a lower rate. Take three-quarter time employees?—A. Three-quarter time employees. In 1929 they mostly came under the \$9 to \$10 class of whom there were thirty. There were more than in 1933—27 getting from \$6 to \$7; 28 getting from \$7 to \$8. That accounts for 55 out of a total of 68.

Q. Fifty-five out of a total of 68 are getting less than \$8 for three-quarter time, whereas in 1921 there were none of those at all?—A. Reserve staff: 188 female employees in 1933, and 66 male. The majority of the female employees, 136, are at \$9—at a weekly rate of \$9 per week, and they are paid for whatever time they work outside of that.

Q. The significant figures in that analysis are that in 1929 of the female workers there were 5 employees or 3 per cent under \$10?—A. Yes.

Q. Whereas to-day there are 93 per cent or 175 of those employees under \$10?—A. Yes. In 1929 the majority of the female part-time employees were employed at rates of \$12 to \$13, 123 out of 149 being in that class of work.

Q. And to-day the majority of them are \$9 or under?—A. Yes.

Statement WM-12 indicates employees of different departments, some of which are male employees, some female, and some both. It shows the average weekly wage and average weekly commissions in May, 1929, and in May, 1933; but that is all reflected in the averages given.

Q. That is a breakdown of that?—A. WM-13: the wages in one department --D-10, toilet sundries—in which there were nineteen demonstrators at an average weekly wage of \$18.36, of which outside companies paid \$313.65 and the Eaton Company paid \$35.25. They also had their regular selling staff of sixteen girls averaging \$12.37 per week for that week, which was the 18th October, 1933. The total wages were \$546.75, of which outside companies paid

\$313.65 and T. Eaton Company paid \$233.10; and the sales for that week were \$7,530, making a selling cost of 7·3 per cent, of which the Eaton Company bore 3·1 per cent and the remainder was borne by outside companies.

Q. This was a particular example of the use of demonstrators. In this case it reduced their selling cost to 3·1 per cent, while the average selling cost has been running about 7·5 per cent?—A. It was 7·3 per cent for that department, including those demonstrators; but it might be, if there were no demonstrators, that they would have a slightly lower cost.

Q. I thought the percentage of wages to sales on the average was something better than 7 per cent?—A. I think it would be lower than that in Montreal on account of the lower wage scale.

Q. It was reduced to 3·1 per cent?—A. There is only one more statement, if you care to finish Montreal—14-A is the executives who were bonused, showing the male executives for 1929, 1931, and 1933, and the female employees below for the same years. In 1929 there were eight employees who received salaries below \$3,000, thirteen from \$3,000 to \$4,000, eight from \$4,000 to \$5,000, and twenty-eight over \$5,000—a total of fifty-seven for the full year. For part-time there are three. They received total salaries of \$277,105 and bonuses of \$66,250, or a total of \$343,000 odd. In 1931 the figures are not very much changed from that. In 1933 there were forty-nine people in those classes and one for part of the year. Their total salaries were only \$182,000 and bonuses \$45,550, or a total of \$227,633, which is a reduction of about one-third in the total salaries and bonuses and a reduction of eight employees during the period. The females down below are not numerous, only seven or eight.

On page B you will find those who were not bonused, comprising mostly merchandising managers and other assistants. In 1929 there were thirty-five for the full year, earning mostly from \$2,000 to \$4,000 per year; 1931, twenty-four of those people had dropped below \$2,000; 1933 they are still further reduced—total thirty-five employees full-time and five part-time; salaries \$124,770. 1933, thirty-three full-time employees and one part-time employee receiving \$78,072. That is the end of Montreal.

The CHAIRMAN: Thank you very much, Mr. Richardson, you have had a hard day. We will adjourn.

The committee adjourned to meet Thursday, June 14, 1934, at 11 o'clock.

HOUSE OF COMMONS, ROOM 368,

June 14, 1934.

The Special Committee appointed to inquire into Price Spreads and Mass Buying met at 11 o'clock, a.m., Hon. H. H. Stevens, presiding.

Mr. Norman Sommerville, K.C., of Toronto and Mr. W. W. Parry, K.C., of Toronto, appeared as counsel for the committee.

The CHAIRMAN: Order, gentlemen. The minutes of yesterday's record, the witnesses heard and certain documents filed. We will declare the minutes approved.

The examination of George Richardson resumed.

By Mr. Sommerville:

Q. Where are you starting?—A. On page 7 of the memorandum.

THE T. EATON CO. LIMITED

MEMORANDUM REGARDING SALARIES AND WAGES OF TORONTO UNITS

The wages and salaries paid to employees of the Toronto units were studied for the years 1929 to 1933 and for approximately three months in 1934 with the object of determining—

1. The present scale of employees' earnings
2. The changes in employees' earnings during this period
3. The total wages of the business and the reductions effected therein
4. Compliance with the Minimum Wage legislation

For the purposes of this report the employees have been classified and are reported on as follows:

- (a) Sales clerks
- (b) Expense help—
 - (1) Clerical
 - (2) Non-Clerical, including delivery, caretaking, elevator and other service departments
- (c) Factory and Workroom productive workers—
 - (1) Piece workers
 - (2) Time workers
- (d) Mail Order—merchandise employees
- (e) Lunch room employees
- (f) Managers, first assistants, executives and others whose salaries are generally in excess of \$50 per week.

With the exception of group (f) (Managers, etc.) these groups are dealt with separately as between male and female employees.

In this examination no workers were interviewed as to wages they received or the conditions of their employment, other investigators for the Committee having attended to this phase of the work.

Statement W—1 attached shows the average number of employees of the Toronto units from 1929 to approximately 31st March, 1934, as determined from the average number of names appearing on the weekly payrolls. This shows a reduction from 1929 to 1934 of 22,12 persons or approximately 15%. This statement also shows a summary of employees classified according to male and female. The decrease in both classes was fairly proportionate until 1933 when the male employees declined by 282 to 5,546 while the female declined 168 to 7,108.

Statement W—2 is a comparative statement of wages and salaries in the Toronto units for the Company's fiscal years 1929 to 1933. The reduction in total wages during that period was \$5,846,130 or approximately 34%.

Hours of Employment—

The present hours of employment for other than factory workers are from 8.30 a.m. to 5.30 p.m., less one hour for lunch. Employees are expected to be prepared for work by 8.30 a.m.—male employees being expected to punch time clocks by 8.10 and female employees by 8.20 a.m.

The working week is 6 days, or a total of 48 hours. Since the fall of 1933 female employees have been allowed one half day off each week with pay on such day as is convenient to the department. For two months in the summer the store closes at 1 p.m. on Saturdays.

Prior to 15th November, 1930, the store closed at 5 p.m. daily except Saturdays when it closed at 1 p.m. For the months of July and August, 1919 to 1928, it remained closed all day Saturday.

The factory working day is $8\frac{3}{4}$ hours, from 7.45 a.m. to 5.30 p.m., less one hour for lunch, 5 days per week—total of $43\frac{3}{4}$ hours per week.

Holidays—

Factory workers on an hourly or piece work basis are paid for Christmas and Labor Day. Prior to 1932 they were paid for all legal holidays and those with certain service received one or two weeks vacation pay based on the average wage received.

Three days holidays with pay are allowed to all workers (including piece workers) when bereavement occurs in the immediate family.

All other employees are paid for legal holidays and those with over one year's service and who are paid a weekly wage, are allowed certain vacations with pay; those having from one to two years' service being allowed one week's vacation with pay—those with over two years' service being allowed two weeks' vacation with pay. In 1933 however the above vacations were granted with only half pay, but the reinstatement of full holidays for 1934 was announced at Christmas 1933.

On reaching 25 years' service with the Company employees receive an additional 6 weeks' holidays in that year.

Both factory and store employees work overtime to some extent, the former being paid at the usual hourly or piece work rates for such work. Store employees are compensated for overtime by being allowed time off during regular working hours, but where this is not taken within thirty days the additional time is paid for at the employees' usual rates.

Rates of Remuneration—

The rates of remuneration are generally based on the following:—

Sales clerks—A weekly wage plus commission on sales in excess of quotas.

Special "awards" are also given but the amount received by any one employee is not large.

Factory Workers—

Piece workers—At piece work rates (guaranteed minimum rates, being in force from 2nd February, 1934).

Time workers—At hourly or weekly rates for the hours worked.

Delivery Drivers and Helpers—

Weekly rates plus bonuses based on volume handled and service given.

Other workers—Generally on a weekly wage, payment being made for the number of *half* days worked.

No fixed schedule governing all wages is in force but at 12th February, 1934, the following minimum schedule was adopted.

TORONTO STORE AND MAIL ORDER

Female—\$12.50 per week, with the exception of juniors under 18 years, where the minimum is the amount fixed by the Ontario Minimum Wage regulations;

Male—(a) Married—\$18 per week, except packers, stockkeepers and others, who do not come in direct contact with the public; whose minimum is \$16 per week;

(b) Unmarried—21 and over, \$13 per week; under 21, \$8 per week for employees 16 years of age with \$1 per week for each year additional to 21 years.

WATCHMEN AND FIRE INSPECTORS

Single Men.....	\$18
Married Men.....	\$20
Men in Charge.....	\$22

NIGHT CARETAKERS

\$2 per week less than watchmen in each case.

DRIVERS AND AUTO DELIVERY

\$18 per week salary plus bonuses based on quantity handled and service given. (These bonuses now average about \$1.20 and \$2.00 respectively).

\$16 per week for helpers, plus bonuses based on service.

Uniforms are supplied to Drivers and Helpers.

This schedule applies to all employees. Where their remuneration is on a piece work basis they are guaranteed the above rates but this guarantee was suspended for the period 12th August, 1932, to 2nd February, 1934.

The Supervisor of the Personnel Department states that until the last several years there was little uniformity in the remuneration of workers in similar occupations. It was stated that salaries were increased from year to year on the recommendation of department managers, having regard to the length of service and the efficiency of the worker. This is said to have resulted in widely varying rates of pay for similar work. He also stated that while there is not as yet any fixed schedule governing salaries and wages, an attempt has been made during the past few years of declining business to place the employees on a more uniform scale of wages. This was done from a study of the amounts received by each individual and the comparative rates being paid by other companies for similar work. Sales clerks for example were placed on low basic rates (not varying to any extent according to experience) but with a slightly higher commission basis than formerly.

In addition to reductions affected as described above, the Company also made three general reductions affecting the entire staff with certain exceptions such as sales clerks and others whose salaries had already been adjusted in the process of bringing them to more uniform rates. These general reductions were as follows:—

- 1. During the period from August to October, 1931, affecting approximately 50 p.c. of the staff. This did not apply to most sales clerks and there were some few other exceptions:—

Weekly Salary Rate	Reduction
Over \$100	15 p.c.
\$ 60 to \$99	12½ p.c.
\$ 40 to \$59	10 p.c.
\$ 18 to \$39	7½ p.c. excepting women at \$18 and married men under \$24 who were reduced \$1 only.
\$ 15 to \$17	\$1

- 2. March and April, 1932—Reductions affecting about 40 p.c. of the staff. Exemptions from this reduction totalled about 12 p.c. of those in the classes affected.

Weekly Salary Rate	Reduction
Over \$100	10 p.c.
\$ 60 to \$99	7 p.c.
\$ 40 to \$59	5 p.c.
\$ 16 to \$39	5 p.c.—except married men earning \$23 per week or less.

- 3. August 1932—affecting about 70% of the total staff. This reduction did not apply to sales clerks.

Weekly Salary Rate	Reduction
Over \$100	Average 20%
\$ 50 to \$100	“ 20%
\$ 13 to \$ 49	“ 15%—excepting sales clerks.

The estimated savings from these general reductions were as follows:—

	Per Week	Per Annum
1st reduction	\$ 15,103	\$ 785,356
2nd reduction	6,143	319,436
3rd reduction	19,433	1,010,516

The total of these does not, however, indicate the savings effected through reductions in rates because, as has been pointed out, sales clerks were separately dealt with by reductions to low basic rates and other workers were also dealt with individually in bringing salaries to more uniform rates.

From 1931 to 1933 increases in wages were practically discontinued other than juniors mentioned above for which schedules were in effect. In the period from August 1933 to March 1934 merit increases were granted to 1,746 employees, averaging about \$1.00 per week.

In April 1934 additional merit increases were granted to 3,987 employees whose weekly wage rate was from \$12.50 to \$25.00—of 50c. to \$2—and which averaged about \$1 per person increased.

The remuneration of all classes of workers and the reductions therein is separately dealt with by groups later in this report.

Use of Part Time Staff—

In addition to the full time staff the Company also employs part time workers as follows—

- (1) Clerks working from 11 a.m. to 4 p.m. daily, less half an hour for lunch, a total of 27 hours per week. This class formerly consisted for the most part of married women who had previously been full time clerks but it was stated that it now includes a large number of single clerks who have no other occupation.
- (2) Lunch Room Employees—working from 18 hours to 35 hours per week.
- (3) Saturday sales clerks—largely students.
- (4) Reserve sales staff—available on call.

Certain departments also increase their staffs at the Christmas and Easter seasons.

In the sections of this memorandum dealing with sales clerks, information is presented which shows that the total number of part time workers has not increased materially, though during the same period there has been a reduction in the number of full time workers. The practice has developed, however, of distributing the available work over a greater number of employees. The following summary of all employees (other than factory workers) indicates the relative amount of layoffs:—

Year	Average number of employees on weekly payroll	The Total Time worked was equal to full time employment for the following number of employees	Average number of full week's work per employee
1929.....	14,768	11,992	44.84
1930.....	14,777	11,720	44.15
1931.....	14,521	11,548	43.94
1932.....	13,104	10,394	43.23
1933.....	12,654	10,057	43.07
1934 (January to March).....	12,556	10,084	43.63

Employees' Benefits—

In considering the wages paid to employees it should be kept in mind that certain benefits and services are provided the Company's employees which are not in every case available to those employed in similar organizations. The principal benefits are as follows:

FINANCIAL BENEFITS

Retiring Allowances—

Women employees of 55 years of age, and men of 65 years or over, with at least 25 years' service may be retired at the pleasure of the Company and receive an allowance of upwards of \$5 per week (depending on length of service) plus 10% of weekly salary at time of leaving. Since December 1932 allowances to new pensioners were reduced by 20% of any amount in excess of \$20 per month. The Company does not obligate itself to pay these allowances and the employees do not contribute towards them. Payments to Toronto employees on this account in 1933 totalled \$193,731. These allowances include payments to women employees who were retired many years ago at the age of 45.

Short Term Allowances—

Employees not eligible for the above, may, upon discharge, be given a monthly allowance based on length of service, etc., for a number of months. The payments to Toronto employees on this account in 1933 totalled \$121,740.

Sick Pay—

Employees with more than 2 years' service receive part pay, if away through illness more than three days. In certain cases additional assistance is also given. The total spent by the Toronto units in this way in 1933 was \$51,254.

Life Insurance—

The Company pays 10% of the premiums on policies up to \$25,000 issued by the T. Eaton Life Insurance Company to employees of more than 6 months' service. The amount of this contribution in 1933 for the Toronto units was \$30,115. While this is a direct benefit to the employees the cost to the shareholders of the T. Eaton Company (chiefly the Estate of Sir John Eaton) of this contribution is offset by profits accruing to the Life Assurance Company, which by reason of low acquisition costs is enabled to operate more economically than most life companies.

Employees' Savings—

Savings from wages are accepted as deposits payable on demand on which the Company pays 5 p.c. on the minimum monthly balance. It also issues debentures for a five-year term on which it pays 5 p.c. plus a bonus determined each year (latterly $1\frac{1}{2}$ p.c.). A reserve of high grade investments is maintained for a substantial proportion of these accounts.

Discount on Purchases—

Employees with more than six months' service are allowed a 5 p.c. discount on all purchases in the stores and an additional 5 p.c. on certain garment purchases. Prior to July 1932, 10 p.c. was allowed on all purchases except certain foodstuffs.

The total of such discounts in 1933 at Toronto was \$169,273. The practice of allowing such discounts is quite general among department stores. While they directly benefit the employees, the Company obtains a gross profit on the goods so sold.

Wedding Gifts—\$5,433 in 1933.

Quarter Century Club Gifts—\$16,374 in 1933.

Payments to Widows of Deceased Employees—\$15,345 in 1933.

OTHER BENEFITS

The Company also provides the following services, some of which are maintained in conjunction with store services to customers—

Recreation facilities, club rooms, summer camps (towards which the employees make a contribution), store hospitals, medical attention and dental clinic. The cost to the Company of these services in 1933 was \$101,526 and rent of \$19,954 for Girls' Club premises.

THE T. EATON CO. LIMITED

SALES CLERKS—TORONTO UNITS

Sales clerks in practically all departments are now paid according to a standard wage plan which provides for a low basic weekly wage plus a monthly commission on sales in excess of a quota. The weekly wage rate under this plan is generally \$12.50 or \$13.00 for women—\$14 to \$15 for single men and \$18 to \$20 for married men. In certain departments which have not adopted the standard wage plan, slightly higher salaries, plus commissions, may be paid to clerks of longer experience. Section heads and clerks in certain departments where better salesmanship is required, also receive slightly higher salaries. In addition to commission, premiums are paid for the sale of better class merchandise and on goods of Eaton's own manufacture whether or not the clerks' sales exceed their quota.

Sales quotas are determined for each section of each department from the past relationship of sales salaries and commissions to sales volume. They are varied from month to month according to the seasonal volume of trade and the general trend of the store's business. A budget selling cost percentage is first determined from the current month and from this the employees' quotas are automatically fixed on the basis of the relationship of this percentage to their salaries. If, for example, 7% is fixed as the budget selling percentage for the month, an employee whose salary is \$14 per week would have a gross quota of \$200, the principle applied being that the employee's sales must reach that figure before any commission would be warranted. In the application of the plan, however, it was the practice until October, 1932, to reduce by 15% the gross quotas arrived at in this manner and to pay commissions on the excess of sales over 85% of the gross quota. After that date, those departments which reduced salaries to the rates provided in the standard wage plan were allowed to deduct 25% from the quota and the commission rates were generally increased $\frac{1}{2}$ of 1% although in those departments where a high average wage was paid they were increased 1%. This was done to increase the commission earnings and so compensate in part for the reduction in wages. The rates of commission vary from 1% to 4% and are stated to be from $\frac{1}{3}$ to $\frac{1}{2}$ of the established wage selling cost percentage in the department.

The following illustrates the application of the quota basis of paying commission:

Wage selling cost for May 1932.....	7.1%
Quota basis for May 1933—say.....	7.0%
Employee's weekly salary.....	\$ 14.00
Amount of sales necessary to "earn" this salary on May 1933 quota.....	\$ 200.00
Less—deduction of 25% from quota.....	50.00
Net quota.....	\$ 150.00
Actual Sales.....	175.00
Excess over quota.....	\$ 25.00
Commission thereon—2½%—or.....	0.62

In the past few years of declining prices it has been necessary for a clerk to sell a greater number of units to make the same dollar value of sales and thus reach the dollar quota set. The difficulty of selling up to the quotas was greater in the case of the higher paid employees whose quotas were larger because of their higher salaries. Under these conditions the Company increased

slightly its budget selling costs from year to year which consequently reduced the clerks' quotas, but as the reductions in their quotas appear to have been less than the corresponding reduction in sales the employees' commission earnings declined until 1932 when the standard wage plan was adopted.

As each employee's sales are scrutinized in relation to the salary received, those employees who by reason of length of service were receiving higher rates of pay showed in many cases a high selling cost to the Company. Since the department managers are responsible for the sales costs in their departments, they in turn would hold each clerk accountable to obtain, if possible, a sales volume at a cost within the selling cost percentage set. The inability of the higher priced clerks to obtain a volume of business within this cost resulted in the introduction and extension of the standard plan referred to, i.e., low basic salary with little regard to experience and the payment of a commission on sales in excess of a reduced quota.

As a result of the reduction to low basic wage rates and lower commission quotas those clerks previously employed at the lower salary rate basis were enabled to increase their commissions, while those who formerly received higher salaries received a smaller total remuneration even if their sales were on as high a scale as formerly. If, however, the higher salaried clerk had been selling considerably less than his or her quota the result would generally be to show an even greater reduction in total earnings.

The application of this change is illustrated as follows:—

	Low Salaried Clerk whose sales exceeded the old quota		Higher Salaried Clerk whose sales exceeded the old quota		Higher Salaried Clerk whose sales were below the old quota	
	Old Basis	New Basis	Old Basis	New Basis	Old Basis	New Basis
Salary.....	\$ cts. 13.00	\$ cts. 13.00	\$ cts. 18.00	\$ cts. 13.00	\$ cts. 18.00	\$ cts. 13.00
Budget Selling Cost.....	5 p.c.	5 p.c.	5 p.c.	5 p.c.	5 p.c.	5 p.c.
Sales Quota (Gross).....	260.00	260.00	360.00	260.00	360.00	260.00
Less deduction of 15 p.c. or 25 p.c.....	39.00	65.00	54.00	65.00	54.00	65.00
	221.00	195.00	306.00	195.00	306.00	195.00
Actual Sales—say.....	250.00	250.00	350.00	350.00	250.00	250.00
Excess over Quota.....	29.00	55.00	44.00	155.00	56.00	55.00
Commission say 2 p.c. or 2½ p.c.....	0.58	1.37	0.88	3.89	.....	1.37
Total remuneration.....	13.58	14.37	18.88	16.89	18.00	14.37

Clerks in the Furniture, Piano and Men's Clothing Departments are not paid on the salary and quota commission plan but on a strictly commission basis. They are granted a weekly drawing (which is guaranteed) of \$20 to \$25 which is regarded as an advance against the commission earned. When the drawings exceed the commissions earned, the balance is carried forward to be recovered, if possible, from future commissions.

Clerks in the Women's Dress and Coat Departments are on a somewhat similar basis. They are allowed a basic salary of about \$9.00 per week plus commissions on all sales and certain premiums in addition. They are guaranteed, however, \$13.00 or \$14.00 per week, which is paid as a weekly wage, and the excess of amounts earned (as previously described) over such wage is paid to them monthly. Any deficiency is carried forward to be recovered from future commissions.

The Electrical Department clerks receive only a commission on sales with no guarantee or drawings.

Statement WA-1 attached shows the number of sales clerks on the Company's full time payroll at 25th October, 1929, and 1st April, 1933, classified according to rates of weekly salary (excluding commissions). It also shows the percentage of various classes to the total.

This statement indicates a large reduction in the number receiving higher salaries. At 1st April, 1933, there were 804 of a total of 1,200 women clerks for example, receiving a wage of \$12.50 or \$13.00 per week (plus commissions). In 1929 approximately 50 p.c. of the female sales clerks received \$16.00 per week or more while in 1933 the percentage was about 15 p.c. The average weekly wage, which is shown at the foot of the statement, was reduced from \$24.50 to \$19.98 in the case of the male workers, and from \$16.76 to \$14.07 in the case of the female workers. The latter represents a reduction of about 15 p.c. on the average. It will be seen from the comparative statement of the number employed at each rate of pay, however, that some employees were not reduced below their 1929 rate (*i.e.* those in the \$13.00 class) —others by only small amounts so that the higher salaried workers were on the average reduced by more than 15 p.c.

The average commissions earned by both male and female clerks (excepting in the Furniture Department) during the years 1929 to 1933 and three months to 31st March, 1934, are shown on Statement WA-2.

This statement also shows the percentage of the possible number of times those eligible for commission succeeded in earning commission. From 1929 to 1931 the commission earnings declined and also the percentage earning such commissions. Thereafter they increased in 1932 and 1933. While 1934 to date shows a decline, this is only a short period and is not necessarily representative.

The increase in the average commission earnings in the latter years is due to reduction of the net quotas from 85 p.c. to 75 p.c. of the gross quotas.

The rates of salary and the average commissions earned vary in different departments, depending to some extent upon the amount of technical skill and salesmanship required.

Statement No. WA-3 shows for certain departments the average salary paid in these departments at February, 1929, together with the average commissions paid per week in the department for the year. It also shows a comparison of average wages at February, 1934, and the average weekly commission for 1933.

Statement WA-4 shows the average weekly salary rates at certain dates in each year and the average commission earnings for all male and female sales clerks (excluding furniture clerks) for the years 1924 to 1933 inclusive.

The highest average weekly remuneration of all sales clerks during the past seven years was in 1930 for both male and female employees, while the lowest average weekly earnings was in 1933. This represented weekly reductions of \$4.47 and \$2.21 respectively or 16.8 p.c. and 12.4 p.c. of the 1930 average.

The sales and total wages and commissions paid to sales clerks for the years 1929 to 1933 inclusive with the percentage thereof to sales is shown in the following summary, which indicates that the Company's selling cost was gradually increasing due to lower prices and perhaps smaller volume.

—	Sales	Sales Wages and Com- missions	Percentage of wages to sales
	\$	\$	
1929.....	59,136,529	2,975,442	5.03
1930.....	55,345,172	2,948,792	5.33
1931.....	47,986,450	2,719,138	5.67
1932.....	39,124,375	2,413,430	6.17
1933.....	34,711,594	2,200,487	6.34

The reduction effected in sales wages has been made by—(a) reducing wage rates, (b) reducing the number of employees and (c) requiring the employees to take time off without pay. The extent to which staff was reduced is shown by the following comparison of part time and full time staff at certain dates from 1929 to 1933 as follows:

	October 25, 1929	November 1, 1931	April 15, 1932	April 1, 1933
Saturday only employees.....	435	278	212	179
Half-time employees.....	375	335	360	340
Three-quarter time employees.....	13	19	16	20
Full time employees.....	2,336	2,157	2,030	1,837
Total employees.....	3,159	2,789	2,618	2,376

The Company also has a reserve staff which is occasionally employed to take the place of employees who are away or to assist at special sales. The average number of these employees during the years 1929 to 1933 was—

	1929	1930	1931	1932	1933	1934
Average number of reserve staff.....	118	172	149	120	149	157

The average amount of time lost by employees is indicated in the following estimate:

	1929	1930	1931	1932	1933
Average number of names on payroll....	3,123	3,129	3,116	2,935	2,849
Average number of full weeks worked (including vacations paid for).....	2,416.6	2,406.7	2,388.6	2,194.7	2,090.0
Average number of full weeks employ- ment per employee.....	40.17	40.0	39.86	38.88	38.15

The average number of full weeks employment for each person on the payroll in 1929 was only 40.17 weeks per annum. This is due in part to the inclusion, in the Company's statistics, of persons employed on part time who would only be credited with the actual full days worked by them in estimating the number of full weeks worked. The measure therefore of time lost by individuals through enforced holidays is the comparison year by year of the average number of full weeks worked per employee. The reduction in 1933 over 1932 is accounted for by the fact that in 1933 employees were required to take part of their regular vacations without pay.

GENERAL EXPENSE EMPLOYEES

This section includes the employees of the general expense departments, and expense employees of the mail order, stores, factories and general offices, but does not include managers, first assistants, or other employees earning more than \$50 weekly.

The following summary shows the number of these employees on the Company's payroll at 25th October, 1929, and 1st April, 1933, classified according to occupational groups:

Employee's Occupation	25th October, 1929			1st April, 1933		
	Male	Female	Total	Male	Female	Total
Clerks, etc.....	1,255	1,794	3,049	939	1,406	2,345
Caretakers.....	175	24	199	177	24	201
Mechanics.....	189	.....	189	155	.....	155
Parcellers.....	149	222	371	143	209	352
Doorman and Elevator Operators.....	98	33	131	81	44	125
Warehousemen and Packers.....	572	114	686	469	106	575
Delivery.....	390	.....	390	348	.....	348
	2,828	2,187	5,015	2,312	1,789	5,101

This statement shows a reduction in personnel of about 18 p.c. although during the interval the College Street Store was opened. In addition, the supervisor in charge of personnel stated that when business declined the Company endeavoured to keep as many persons as possible employed by spreading the available work amongst them rather than reducing the staff to the minimum number required full time to do the work. While this policy was carried out to some extent the total time so lost by any worker does not appear to have been large.

Commenting on each of the above classes:

Clerks—

This classification includes Clerks, Stenographers, Accountants, Audit Clerks, Comptometer Operators, Telephone Operators, Cashiers and other office help.

Statement WB-I attached shows these employees classified according to weekly wage rates as at the 25th October, 1929, 1st November, 1931, and the 1st April, 1933, for both male and female employees. During the period 1929 to 1933, there was a reduction of 704 persons representing a 22 p.c. reduction of female employees and 25 p.c. male employees.

The management states there are no uniform rates in effect for these persons due to the wide diversification of their employment. Generally, however, the majority of female employees' wages are now from \$12.50 to \$16. The wages of male employees are less uniform although on the 15th April, 1933, 77 p.c. received wages at rates under \$26 per week, whereas on 25th October, 1929, this percentage was 54 p.c.

Delivery Employees—

This group includes drivers of wagons and autos and their helpers and grooms and are shown on Statement WB—2 classified according to weekly wage rates at the 25th October, 1929, and the 1st April, 1933. Drivers are now paid a minimum weekly wage of \$18 and helpers \$16 and the balance of the help is started at the Company's usual minimum rates, i.e. \$16 a week for married men and \$13 a week for single men over 21 years. Boys from 16 to 21 years of age are paid \$8 at 16 years and \$1 for each year thereafter until they attain the age of 21.

The number employed in 1929 was 390 and the number in 1933 was 348. During the period the wages were reduced from an average of \$24 weekly to about \$19.

In addition to their weekly wages, drivers of wagons and autos making delivery of small parcels, together with their helpers secured a bonus based upon the number of parcels delivered and on service. The parcel bonus is now shared equally between driver and helper but until April, 1934, the drivers only were paid the service bonus. This service bonus is paid monthly with deductions for misdemeanours, lost parcels, etc. Until October, 1931, the maximum was \$10 per month, from that date until April 1934 it was \$5 per month, and at present is \$10 per month for drivers and \$5 per month for helpers.

The average amount received weekly by drivers for bonuses from 1929 to 1933 and to March, 1934 was—

	Parcel Bonus	Service Bonus	Total
	\$ cts.	\$ cts.	\$ cts.
1929.....	1 74	2 12	3 86
1930.....	1 48	2 10	3 58
1931.....	0 64	2 17	2 81
		(to October)	
1932.....	0 95	1 08	2 03
1933.....	1 02	1 10	2 12
1934 (to March).....	1 29	1 00	2 29

Caretakers and Charwomen—

These employees are classified according to weekly wage rates as at 25th October, 1929, and 1st April, 1933, on Statement WB—2 attached. There has been practically no change in the number employed since 1929 although since this time the College Street Store was opened.

These employees are employed in Day and Night shifts. The minimum rates for the Day shift are the Company's usual rates for unskilled help not required to meet the public. The rates for the Night shifts are—

- Single Men.....\$ 16.00 weekly
- Married Men.....18.00 weekly
- In Charge.....20.00 weekly

The Day shift employees are supplied uniforms free by the Company.

Mechanics—

This group includes engineers, electricians, carpenters, tinsmiths, machinists and other skilled workmen and are classified according to weekly wage rates as at 25th October, 1929, and 1st April, 1933, on Statement WB—2 attached. Those shown with low rates in this group are apprentices and helpers.

Parcellers—

These employees are classified according to weekly wage rates as at 25th October, 1929, and 1st April, 1933, on Statement WB—2 attached. A comparison of the number employed, male and female as at 25th October, 1929, 1st April, 1933 and 13th April, 1934, is as follows:

	Male	Female	Total
October 25, 1929.....	149	222	371
April 1, 1933.....	143	209	352
April 13, 1934.....	126	204	330

The number receiving salaries under \$12.50 per week for the same period was as follows:

	October 25, 1929	April 1, 1933	April 13, 1934
Male— Under \$10.....	36	28	11
\$10 to \$12.49.....	57	50	31
	93	78	42
Female— Under \$10.....	113	36	41
\$10 to \$12.49.....	70	63	37
	183	99	78
Total.....	276	177	120

The management states that prior to the decline in business young boys and girls were engaged as parcellers and later promoted to sales clerks or other more senior positions. In recent years, because of staff reductions, very few openings were available for these persons and a large number have been retained in their original positions but their salaries have been increased in accordance with the Company's wage plan for boys and the minimum wage regulations for girls.

Doormen and Elevator Operators—

These employees are classified according to weekly wage rates as at 25th October, 1929, and 1st April, 1933, on Statement WB—2 attached for both male and female employees. Their uniforms are supplied free by the Company.

Warehouse Employees—

This group includes all employees engaged in the handling of merchandise, such as receivers, shippers, carriers, truckers, warehousemen, etc., but does not include delivery employees who have already been dealt with separately in this memorandum. They are classified according to weekly wage rates as at 25th October, 1929, and 1st April, 1933, on Statement WB—2 attached, both for male and female workers.

The Company's minimum wage rates for men and the Ontario minimum wage rates for women applied to this group. The following is a summary of the total number employed on the 25th October, 1929, and the 1st April, 1933—

	Men	Women	Total
25th October, 1929.....	572	114	686
1st April, 1933.....	469	106	575

PRODUCTIVE WORKERS

This group includes productive workers in the factories and the factory and store workrooms in Toronto who are paid on both piecework and hourly bases. Statement WC—1 attached shows the average number of employees appearing on the payroll in these groups for the years 1929 and 1933. Each of these groups is dealt with separately in this memorandum.

WOMEN PIECEWORKERS

These workers form the largest portion of the Toronto factory and work-room productive employees averaging 1,418 in number in 1933 out of a total of 3,922 productive workers or 36 p.c. They are employed in 12 factory departments and 8 workrooms, each of which is under the direction of a separate manager. To some extent the scale of earnings and conditions of work vary between departments.

Inquiry was not made into the manner of setting rates for piecework in every department. In Department F-5 they are first calculated by a departmental estimator and by section foreladies, their calculations being submitted for comparison to the department manager who finally determines the rates. This is stated to be the most general method of setting rates. In Department F-8 they are calculated by an estimator only, who the manager states has been in the employ of the Company for many years.

The Department officials who were questioned stated that piecework rates are generally set at amounts that will enable an average worker to earn slightly better than the minimum wage. In a number of departments, however, the average worker has not earned the minimum wage at the piecework rates set. In certain cases where greater than ordinary skill is required or where there is a scarcity of a particular type of skilled help, such as corset operators in Department F-2, higher piecework rates are set.

Average Hourly Earnings of Employees—

Statement WC-2 attached shows the average hourly earnings of garment employees (excluding cutters) in the factory departments for the years 1929 to 1933 and for 1934 to 8th March determined from the average of the earnings for the second week in each month.

With the exception of a small percentage these workers are experienced and where this is the case their minimum wage rate as determined by the regulations of the Ontario Minimum Wage Board is 28½c. per hour.

The hourly earnings shown in Statement No. WC-2 are the averages of all pieceworkers in each department. The earnings of different classes of workers within the individual departments vary considerably both according to the nature of the work and the skill of the employee. The extent of the variations in the earnings of different classes of workers such as pressers, finishers, etc., is indicated to some degree in the summary prepared from four departments (F-2-5-8-12) as shown in Statement No. WC-3 attached.

A Statement is also attached hereto (Statement No. WC-4) showing, on the left hand side, the comparative average hourly earnings during four weeks prior to Easter (which is a busy period) of those employees in Department F-5 who were hired during the years 1920 to 1928 and were still employed in March, 1934.

The summaries referred to indicate in each case a decline in the average hourly earnings of the employees from 1929 to 1933. In some cases this is quite sharp while in others it is small. The reductions may be attributed to the following:—

(a) *Reduction of piecework rates*—While there have been reductions in the piecework rates since 1929 in certain departments it is not possible to determine these reductions by comparisons of individual piecework rates paid in different years. A large part of the production consists of women's garments which differ radically in design and manufacturing specifications from year to year both in style and materials. The number of any one line produced is usually small and with the possible exception of some cheap mail order lines, in only a few cases is the same line repeated in the next season. Even in men's clothing, where to some extent the operations are standardized, the rates are not entirely comparable due to style changes and varying standards of workmanship requiring more or less labor.

(b) *Lower Factory Production and Shorter Runs*—In recent years the factory production has been considerably reduced resulting in protracted periods when there has been comparatively little work in many departments. A number of department managers stated that during such periods the employees, knowing work is limited, are not inclined to work as fast as they would if there were sufficient production to keep them fully employed. It is of course impossible to state the extent to which this condition may obtain. The average hourly earnings of workers in periods of low production are less than at busy times but this may in part be due to more lost time waiting for work and to shorter runs for the operators which does not give them the same opportunity to acquire speed and requires more time in the setting up of their machines. There has been a general tendency for the stores to purchase in smaller quantities in recent years which has occasioned an increasing amount of short runs.

(c) *Production of Individual Workers*—While the points mentioned above—i.e. the reduction of piecework rates, the smaller factory production and shorter runs, would tend to reduce the hourly earnings of employees, the individual operators might try to increase their output in an endeavour to maintain the scale of earnings to which they were accustomed in which case the reduction in their hourly earnings would not be as great. No information is available at this time to show the quantities produced by the different operators on comparable operations over the past few years and it is therefore not possible to state whether or not their production has been increased. The amount which an employee can produce on any operation depends on many factors, such as the efficiency of planning of the work, the loss of time in waiting, the style and material of the garment and the quality of work demanded.

Ontario Minimum Wage Regulations—

The regulations prescribed on pages 14 and 15 of the orders issued pursuant to the Ontario Minimum Wage Act provide for female pieceworkers as follows:—

“(1) Minimum—No wages shall be less per week in the City of Toronto than—

Experienced workers.....	\$12.50
Inexperienced adults.....	6 months at \$10.00
	6 months at \$11.00
Young Girls Under 18.....	6 months at \$ 8.00,
	6 months at \$ 9.00,
	6 months at \$10.00.

“(3) Piecework—The wages paid to each timeworker and to each pieceworker during the first six months employment in the industry shall conform to this order. In the case of pieceworkers of more than six months experience, it is sufficient if at least 80 p.c. receive wages conformable to this order.”

NOTE:—An amending order was issued under date of 3rd April, 1934, in which the word “receive” is changed to read “earn”.

“(4) Averaging Piecework Rates—The wage rates may be averaged for any pieceworker, provided that the average is maintained at each payment. Wages received before this order became effective, or more than three months before the date of the payment concerned, shall not be considered in any such calculation.”

“(6) Waiting—An employee required to wait on the premises shall be paid for the time thus spent. Pieceworkers shall be paid at a rate not less than that fixed for the class to which they belong.”

The manager of the Company's wage office states that prior to the 12th August, 1932, the Company made allowances to all workers who earned at less than the minimum rate, sufficient to increase their wages to the minimum, these allowances being termed "special money" in the records. This policy was never changed in respect of workroom employees. From that date to 12th January, 1934, it made allowances to whatever number was necessary to bring 80 p.c. of factory workers within the rates prescribed in the regulations. For the weeks ended 19th January to 2nd February, 1934, allowances of special money were made to bring 90 p.c. of employees within those rates. After the latter date, it resumed bonusing all employees earning less than the minimum to increase them to the minimum rates.

Statement No. WC-5 shows the average weekly number of pieceworkers in the Factory Departments in 1933, together with the percentage failing to earn, at piecework rates, the minimum rate of wages; the average deficiency of their earnings below the minimum, the average amount of allowances made to those bonused and the average deficiency of those who were not increased to the minimum.

Statement No. WC-7 attached shows for three separate weeks in 1933 those employees who failed to earn the minimum wage and who were not bonused to the minimum. These weeks were selected by taking, for each department, the week in which the largest amount of wages was paid, the week in which the smallest amount was paid and a week representative of the average. These lists show:

The employees' numbers,
The year hired,
The minimum wage rate,
The amount earned at piecework rates,
The average earnings per hour
The amount by which the employees failed to earn the minimum rates.

Mr. R. A. Stapells, Chairman of the Ontario Minimum Wage Board, in giving evidence before your Committee (page 37) stated that the allowance made under Section 3 which permits 20 p.c. of the workers to receive less than the minimum wage is to cover inefficient workers, malingerers, etc. The persons in this 20 p.c. group might be made up, in part, of such workers but operators of average skill might fall into this class as well, due to the methods of setting piecework rates and the practice used in determining which employees were to be bonused. The reasons for this were as follows:

- (a) As shown above on Statement WC-5 an average of 45.8 p.c. of all female factory pieceworkers in 1933 failed to earn, at piecework rates, the minimum rate of wages as prescribed in the Regulations. On Statement WC-6 attached there is shown for Departments F-2-5 and 6 the percentages of employees who failed to earn these rates for each week in 1933. This schedule shows examples where in certain weeks a high percentage of the employees of F-6 Department earned less than the minimum rates. This indicates that in certain departments the piecework rates were not high enough to permit average operators to earn the minimum wage under the conditions obtaining.
- (b) On Statement WC-3, previously referred to, is shown the average hourly earnings of different classes of workers in departments F-2-5-8-12 in 1933. Certain of these groups received piecework rates which permitted them to earn more per hour than those of other groups due, possibly, to a greater degree of skill being required on the higher paid operations. As an example—in Department F-2 the average hourly rate of "A" section operators for the four weeks prior to Easter in 1933 was 29.5c. per hour and the average of "B" section (skilled corset operators) was 35.3c. per hour.

In determining those employees who were to be increased to the minimum all operators employed in each Department were included and the operators of "A" section, whose piecework earnings were lower, consequently appeared more frequently in the 20 p.c. group in this particular department than the Section "B" operators.

(c) In determining the employees to be bonused so that 80 p.c. of the workers would be paid wages in conformity with the regulations, the amount by which each pieceworker failed to earn the minimum rate was calculated and the selection made of those to whom it would be required to pay the least amount. This did not take into account the number of hours worked by the employee so that those whose earnings on a per hour basis were small but who had worked only a short time, were sometimes bonused, while others were not bonused who earned higher hourly rates but worked longer hours. Due to this method of selection the average bonus paid was \$1.04 per week as compared to the average deficiency below the minimum of \$2.86 per week of those in the 20 p.c. group. Statement WC9 attached shows employees bonused in Department F-6 for the week ending 30th November 1933 and Statement WC9A shows those earning less than the minimum in that week but who were not bonused.

(d) Statement WC7 referred to previously shows the amount earned by employees of each department for certain weeks in 1933 and the amount by which they failed to earn the minimum rate of wages. In the weeks in which the payroll was largest there were usually a number of new workers as it is during such periods that new help is employed. While these persons are experienced operators when employed it usually takes them a short time to accustom themselves to the Company's work and obtain sufficient speed in their particular operations to enable them to work as fast as those who have been in the Company's employ for a longer period. During this period they are therefore at a disadvantage with other employees and may fall in the 20 p.c. group. On the other hand old employees, who, by reason of their age, have lost their speed, are also frequently in the 20 p.c. group.

As previously stated the Company resumed bonusing all piecework employees to the minimum wage rates in February, 1934. About the same time there was a general increase in a number of departments in the percentage of employees earning the minimum wage. The percentage in March, 1933, compared with March 1934 for the following departments was—

Department	Percentage failing to earn minimum rates	
	March 1933	March 1934
F2.....	34.8	20.1
F5.....	72.8	16.7
F6.....	78.6	27.6

For the year 1933, the total amount by which all factory employees failed to earn wages at the minimum rates was.....	\$51,012.85
To bring 80 p.c. of the pieceworkers up to the minimum rates the Company paid.....	\$16,426.65

making a saving for the year 1933 by reason of the application of the 80 p.c. clause of.....	\$34,586.20
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It is possible that the Company would also further benefit from the application of this Clause by obtaining an increased production from workers exerting a greater effort to earn the minimum rates and so reduce the amount of special money to be paid.

Averaging piecework rates—

Under the regulations of the Minimum Wage Act it is considered that a pieceworker has received the minimum wage if the average wages paid to the worker in the preceding three months is equal to the minimum rate. The Manager of the Wage Department states that with the exception of three store workrooms the Company does not follow the practice of averaging wages in this way and in those departments the guarantee of the Minimum Wage was never suspended. He also states that special money allowances paid one week are never deducted from an employee's earnings in a subsequent week in which she may have earned more than the minimum rate. The payrolls examined did not show any such deductions and tests which were made of the individual piecework tickets for Department F5 for the week ended 25th January, 1934, (the earliest week for which tickets were available in that Department) showed no indication of this.

While no cases were noted in which special money paid was later deducted it was stated that there might have been instances where a girl would hold back the reporting of finished work and so receive special money and that if this was later discovered through much larger earnings in the subsequent week deduction might then be made for the special money so paid.

Average Weekly Wages Paid—

Statement WC-10 shows the average amount paid weekly to employees of four departments for the years 1929, 1931, 1933 and for 1934 to 8th March determined from the average of the wages paid in the second week of each month.

Statement WC-4 attached also shows, on the right hand side, the comparative average weekly wages paid for the years 1929 and 1933 to employees of Department F-5 (Women's silk dresses) who were hired during the years 1920 to 1928 and were still employed in March, 1934. The reductions in these wages may be attributed to one or more of the following:

- (a) Shorter hours of labour due to smaller volume and spreading of the work available
- (b) Reduced hourly earning as previously referred to
- (c) The application of the 80 p.c. clause in the Minimum Wage Act for the period 12th August 1932 to 2nd February 1934.

Changes in Policy during 1934—

Reference was made earlier in this memorandum to the fact that in January, 1934 the Company adopted the policy of increasing to the minimum wage 90 p.c. of pieceworkers instead of 80 p.c. as formerly; that in February, 1934, it resumed bonusing all pieceworkers to the minimum rate and that on the average employees in some departments were earning higher rates of pay per hour worked. While conditions vary in different departments the higher average hourly earnings is said to be due partly to increased piecework rates and partly to closer supervision of work by department supervisors to prevent lost time or unnecessary slowing down when there is a scarcity of work.

Following the resumption of the policy of bonusing all pieceworkers to the minimum wage a number of workers were released (mostly in the White-wear Department F-2). The manager of the Personnel Department stated that the implementing of this policy made it necessary to eliminate those workers who could not earn within a reasonable margin of the minimum wage, as their earnings plus special money paid resulted in too high a wage cost for the work performed. He also stated that there were probably 200 or 300 such employees but that further action towards eliminating them had been deferred.

About January of February of this year the employees of Department F-8 demanded higher wages. According to the Manager of that department the Company agreed to increase the piecework rates and pending the working out of these increases it added 12½ p.c. to the old piecework rates for one week.

Following this it temporarily increased the guaranteed rate from \$12.50 to \$14.20 per week for a number of weeks and this had not been discontinued at 15h May, 1934. The agreed increase in piecework rates was then being effected. He also stated that employees were only advised of the decision to increase the piecework rates, but were not notified of the increased guaranteed rate.

Compliance with Minimum Wage Act and Regulations—

While the payrolls were not examined in complete detail, tests which were made indicated that the Company was complying with the provisions of the Ontario Minimum Wage Act. The proper application of certain of its provisions was somewhat in doubt however, the more important of these being—

- (a) The section regarding pieceworkers states that it is sufficient if 80 p.c. "receive" wages conformable to this order. The revised regulations dated 3rd April, 1934, state that 80 p.c. must "earn" (at piecework rates) wages conformable to the order. There may be some doubt as to whether this latter order was intended to amend or merely to clarify the earlier order.
- (b) Section 6, covering time spent waiting for work, prescribes that an employee required to wait on the premises shall be paid for the time thus spent, at a rate not less than that fixed for the class to which they belong. The Company did not add directly to the employees' piecework earnings any allowance for time so spent. The officials state that frequently employees chose to remain on the premises rather than go home in the expectation that additional work would become available. The time so spent would be included in the total hours worked by the employees and would be paid for in the case of employees earning less than the minimum who were increased thereto.

MALE PIECEWORKERS

There are no minimum wage regulations in force governing male workers. The Company guaranteed male pieceworkers however, a weekly wage of \$20 up to the Fall of 1931 at which time the guarantee was reduced to \$18 but shortly after this, certain departments started discontinuing it. By August, 1932, all departments had discontinued the guarantee. From this time until 2nd February, 1934, these pieceworkers received only the amounts earned at piecework rates. From that date the Company resumed bonusing these employees to the following scale of weekly rates:—

Married Men.....	\$16.00 weekly	
Single Men.....	16 years	\$ 8.00
	17 "	9.00
	18 "	10.00
	19 "	11.00
	20 and over	12.00

The Company does not keep the same detailed information in respect to male pieceworkers as to females, so that it was not possible to review their wages in as much detail. Generally speaking these employees are skilled workers receiving fairly high rates of wages, although, being engaged in seasonal trades, they are frequently laid off for a period.

As indicative of the wages paid to these employees 97 out of an average of 521 employed to March, 1934, who had been engaged in 1928 or earlier were selected from the principal classes of workers in all departments. Their average

hourly earnings in the four weeks prior to Easter for the years 1929, 1931, 1933 and 1934, are shown on Statement WC-11 together with their average weekly wages for those years. The following is a summary of this statement:—

	Average hourly earnings for four weeks prior to Easter				Average weekly wages for years			
	1929	1931	1933	1934	1929	1931	1933	1934 to 29th March
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Cutters.....	0.85	0.84	0.67	0.66	36.31	29.52	25.23	25.45
Pressers.....	0.69	0.60	0.47	0.53	27.66	21.13	18.05	18.54
Operators.....	0.60	0.62	0.42	0.48	23.10	18.30	12.45	14.44
Leather Workers.....	0.56	0.63	0.48	0.51	25.72	23.51	18.94	20.76

The decline in average weekly wages is even greater than the reduction in hourly earnings due to shorter hours.

WOMEN TIMEWORKERS

This group includes female employees of the factory departments and store and factory workrooms (engaged either in the production or assembly of goods) and foreladies, etc., but does not include such expense employees as clerks, shippers, etc., who are reported upon separately in the section of this report dealing with such expense help.

Statement WC-12 shows a classification of these employees according to weekly wage rates as at 25th October, 1929, and 1st April, 1933.

Statement WC-13 is a similar analysis of the employees of certain of the larger departments (who are included in total in Statement WC-12) in the factory and store workrooms according to weekly wage rates.

MEN TIMEWORKERS

This group includes male employees of the factory departments and store and factory workrooms engaged in the production or assembly of goods and foremen, cutters on time work, etc., but does not include such expense employees as clerks, shippers, caretakers, etc., who are covered in the section of the report dealing with all general expense help.

Statement WC-14 shows a classification of these employees according to weekly wage rates as at 25th October, 1929, and 1st April, 1933.

Statement WC-15 attached shows the employees of certain of the larger departments in the factory and store workrooms (who are included in total in Statement WC-14) classified according to weekly wage rates.

The Head of the Wages Department stated that employees of the Printing Department are paid according to the Union scale of wages governing the various operations in this department although the Company maintains an open shop and does not recognize the Union. They are also paid for all legal holidays and for one week's vacation annually if they have had more than one year's service with the Company and in this respect they are paid at better than Union scale.

MAIL ORDER MERCHANDISE EMPLOYEES

This group includes employees of the merchandising sections of the Mail Order Department who are directly engaged in the assembly, packing and shipping of goods and includes employees such as stockkeepers, parcellers, clerks filling orders and a few typists and clerks. There are also employed in the Mail Order Department clerical and other workers known as "Expense" employees who are dealt with along with those store employees doing similar work.

On Statement W-D-1 attached is shown a classification of the number of employees earning various rates of weekly pay as at 25th October, 1929, 1st November, 1931, and 1st April, 1933.

The following summary shows the relationship of the total wages of the Mail Order Department (including expense wages) to the sales and net profits of that department for the years 1929 to 1933 inclusive.

	Mail Order Sales	Mail Order Net Profits	Mail Order Employees' Wages	Percentage of Wages to Sales
	\$	\$	\$	
1929.....	16,520,943	449,709	607,104	3.7
1930.....	14,598,420	268,166	567,091	3.9
1931.....	14,750,085	76,619	568,023	3.9
1932.....	11,821,650	338,617	459,541	3.9
1933.....	11,422,858	517,938	408,955	3.6

This indicates a slightly lower wage cost percentage in 1933 than in any of the previous four years.

TORONTO LUNCH ROOM EMPLOYEES

These employees are employed in eleven lunch rooms and restaurants, seven of which were opened prior to 1929, three in October, 1930, and one in August, 1931, and in bake shops and kitchens operated in conjunction therewith. They include waitresses, kitchen help (both male and female), chefs and bakers, etc. A summary of these employees classified according to the weekly hours of employment at certain dates from 1930 to 1934 inclusive and the percentage each class is to the total employed is as follows:—

	28th October, 1930	Per- centage to Total	1st Novem- ber, 1931	Per- centage to Total	29th March, 1933	Per- centage to Total	29th April, 1934	Per- centage to Total
48 hours per week.	420	68.9	559	70.5	433	60.6	404	52.2
35 " "	7	1.1	27	3.4	19	2.6	9	1.1
30 " "			31	3.9	90	12.6	170	22.0
26 " "							40	5.2
24 " "	183	30.0	117	14.8	115	16.1	104	13.4
18 " "			59	7.4	58	8.1	47	6.1
Total.....	610	100.0	793	100.0	715	100.0	774	100.0

As is shown above, there was an increasing tendency to use part-time help in later years than was formerly the practice. At 28th October, 1930, the percentage of full-time staff to the total number employed was 68.9%, whereas on 25th April, 1934, this percentage was 52.2.

Minimum Wage Regulations—

There are no minimum wage regulations governing the employment of male lunch room help. The employment of female lunch room help is governed by Order Number 27 of the Ontario Minimum Wage Board regarding the employment of women in the Province of Ontario, of which the principal clauses applicable to the City of Toronto prescribe—

“(1) *Minimum*—No female employee shall be paid wages at a less rate than twelve dollars and fifty cents (\$12.50) per week.”

"(2) *Hours*—A female employee who works thirty-six (36) hours per week or longer shall receive the full weekly minimum, but if she works less than thirty-six (36) hours per week she may be paid at a rate of twenty-five (25) cents per hour."

"(3) *Overtime*—A female employee who works more than fifty (50) hours per week shall be paid at a rate not less than twenty-five (25) cents per hour for all time beyond the fifty (50) hour period."

"(5) *Allowance for Board and Lodging*—Lodging shall not be charged for in excess of a rate of two dollars (\$2.00) per week, nor board in excess of a rate of five dollars (\$5.00) per week, nor single meals in excess of a rate of twenty-five (25) cents per meal."

From the examination of the pay-roll records which was made the Company appeared to be observing these minimum wage regulations.

Statement WE-1 attached shows these employees classified according to weekly rates of wage paid (but not including the amounts charged by the Company for meals) and the hours of employment for both male and female help at certain dates from 1930 to 1934 inclusive.

The lunch rooms are open during store hours, or a portion of them, and for the most part serve only luncheon and afternoon tea. They also cater for banquets after 5.30 p.m. by special arrangement. In order to have adequate staff to serve during rush hours employees are engaged for schedules of hours varying from 18 to 48 hours per week, and their hours are so arranged that the maximum number are on hand at the busiest period. The hours of work, minimum rates, etc., of these groups are as follows:—

Male Employees—work 48 hours per week and are given 2 meals a day, for which they are charged 25c. each or \$3.00 per week. They include chefs, bakers and some kitchen help. There are no part-time employees.

Female Employees—

48 hour group—work eight hours a day from 8.30 a.m. to 5.30 p.m. Since the Fall of 1933 they have been allowed off a half-day each week with pay. Their minimum rate is \$9.50 per week plus 2 meals per day—the equivalent of \$12.50 per week.

35 hour group—work six hours a day from 8.30 a.m. to 3.30 p.m. with two half-hour periods off for lunch. A extra hour is taken off one day each week in order that the total hours worked will be less than 36 hours. If 36 hours are worked the Ontario Minimum Wage regulations would require that they be classed as full-time workers and paid the minimum wage rate of \$12.50. The Company pays these employees a minimum weekly wage of \$6.50 per week plus two meals a day—the equivalent of \$9.50 per week. Their number, however, is small.

30 hour group—work 5 hours a day at various periods. Are paid \$6.00 a week plus one meal a day, the equivalent of \$7.50 per week. At the beginning of May, 1934, this group was increased to \$6.50 per week, which, with meals, would equal a weekly salary of \$8.00.

26 hour group—worked five hours a day four days a week and two hours a day the remaining two days. This group was started on the 31st August, 1933 and was discontinued on the 26th April, 1934. They were paid \$5.00 plus one meal a day—the equivalent of \$6.50 per week.

24 hour group—work four hours a day generally from 11 a.m. to 3 p.m. Are paid a minimum of \$6.50 per week plus one meal a day—the equivalent of \$8.00 per week.

18 hour group—work three hours a day from 11 a.m. to 2 p.m. Are paid a minimum of \$5.00 per week plus one meal a day—the equivalent of \$6.50 per week.

Certain of the above workers who come in early or leave late are given a light meal for which they are not charged. They also receive some gratuities. While this schedule of hours was in force until recently they have now been put on a new schedule, from which the 35 hour group and certain others were eliminated.

Overtime

These employees occasionally have overtime, for which they are paid at regular hourly rates. No deduction is made from overtime pay if extra meals are provided. In addition, banquets are frequently held in certain of the lunch rooms for which the employees are paid at the rate of \$1.50 for each banquet.

Holidays

These employees are paid for holidays and vacations on the same basis as sales clerks, etc., i.e., for all legal holidays and one week's vacation for employees with from one to two years' service and two weeks' vacation for employees with more than two years' service. In 1933 they only received half pay for vacations.

Uniforms

Uniforms are supplied free to all lunch room employees by the Company, which also provides for laundering and repairing.

EXECUTIVES, DEPARTMENT MANAGERS, ETC.

This group includes—

- (1) Department Managers and their first assistants;
- (2) Executives (not including the 10 directors of The T. Eaton Co. Limited and 15 senior executives at Toronto, whose responsibilities are of a general nature—these are reported on in a separate confidential memorandum);
- (3) All other employees whose salary rate is \$2,600 per annum or more.

The salaries of this group are recorded in a special salary record, separate from the ordinary pay-roll.

The number of employees in Class (3) above fluctuates from year to year, due to changes in the employee's remuneration. Some employees included in this group in 1929 would as a result of salary reductions be found in the ordinary pay-roll in 1933 and *vice versa*.

In general, the higher salaried employees receive bonuses after the close of the Company's fiscal year, the amount of which depends on various circumstances, such as the success of the Company's operations in the previous year, the length of service and efficiency of the employee and, in the case of managers of merchandising departments, the profit earned by their department. This bonus forms an important part of the remuneration of these employees, in some instances amounting to more than the annual salary paid. The following is a summary of the salaries and relative bonuses paid to those employees receiving bonuses in this group for the calendar years 1929, 1931 and 1933:—

	Salaries	Bonuses	Total
	\$	\$	\$
1929.....	1,606,482	646,705	2,253,187
1931.....	1,310,286	641,050	1,951,336
1933.....	759,588	274,472	1,034,060

Statement WF-1 shows a classification of the total remuneration of the employees in this group for the calendar years 1929, 1931 and 1933, whether paid in the form of salary or bonus. The statement is divided according to those who received bonuses and those who did not receive bonuses.

The number of employees bonused declined from 259 in 1929 to 195 in 1933. In the latter year 113 out of a total of 195 received a total remuneration less than \$5,000, and 162 received less than \$8,000; 19 received \$10,000 or over. In 1929 187 or approximately 70% received over \$5,000 and of these 78 or 30% received more than \$10,000, viz., 42 between \$10,000 and \$14,999; 22 between \$15,000 and \$19,999; 9 between \$20,000 and \$24,999, and 5 between \$25,000 and \$29,999.

In the first section of this memorandum the reductions in rates of salary were described, from which it will be seen that three general reductions were made. Those in receipt of salaries in excess of \$100 per week at the time the reductions became effective sustained the largest reductions, viz., 15%, 10% and 20% respectively. In addition, it will be seen that the total bonuses paid in 1933 were about 57% less than those paid in 1929 and 1931, although the reduction is due in part to paying bonuses to fewer people. It is evident, however, that these employees receiving bonuses sustained proportionately the greatest reductions of any employees.

Of the employees included in this group who were not bonused in 1933, 193 out of a total of 236 received less than \$2,500 per annum. In 1929, only 62 out of 279 received less than \$2,500, the majority earning between \$2,500 and \$4,000.

It was stated that no general increases have as yet been made to employees in this group.

The WITNESS: The first statement I will deal with in this connection is WA-1 which is printed.

THE T. EATON CO. LIMITED

STATEMENT No. WA-1

STATEMENT SHOWING NUMBER OF TORONTO SALES CLERKS EMPLOYED FULL TIME AS AT 25TH OCTOBER 1929 AND 1ST APRIL 1933 CLASSIFIED ACCORDING TO WEEKLY RATES OF SALARY
(Excluding Commissions)

	Male				Female			
	25th October 1929		1st April 1933		25th October 1929		1st April 1933	
	Number of Employees	P.c. of Total	Number of Employees	P.c. of Total	Number of Employees	P.c. of Total	Number of Employees	P.c. of Total
		%		%		%		%
Under \$10.....					2			
\$10 to \$12.....	13		12		15		20	
\$13.....	6		19		302		804	
Total \$13 and under...	19	2.37	31	4.87	319	20.80	824	68.67
\$14.....	25		43		242		63	
\$15.....	25		99		209		124	
\$16.....	36		19		191		81	
Total \$16 and under...	105	13.09	192	30.14	961	62.65	1,092	91.
\$17 to \$18.....	105		87		251		61	
\$19 to \$21.....	168		189		157		17	
Total \$21 and under...	373	47.13	468	73.47	1,369	89.24	1,170	97.5
\$22 to \$25.....	182		109		112		18	
\$26 to \$30.....	131		34		29		5	
\$30 to \$40.....	90		24		19		7	
\$40 to \$50.....	21		2		5			
Total.....	802	100	637	100	1,534	100	1,200	100
Average Weekly Salary...	\$24.50		\$19.98		\$16.76		\$14.07	

This statement shows the classification of Toronto sales clerks, both male and female, separately according to their rates of pay in October, 1929, and April, 1933. It shows the number of employees receiving various of weekly wages in those periods, and that is exclusive of commission which is paid on a quota basis.

Q. And the significant figures in this statement, WA-1, indicate that in 1929 of the male employees 13·9 were receiving \$16 or under and in 1933 30·14 per cent were receiving \$16 or under?—A. Yes.

Q. Whereas in 1929, 49·13 per cent were receiving \$21 and under, and in 1933, 73·47 per cent were receiving \$21 and under?—A. That is right.

Q. And in connection with females, the total receiving \$13 and under in 1929 was 20·80 per cent and in 1933 it is up to 68·67 per cent?—A. That is right, sir.

Q. The total under \$16 in 1929 is 62 per cent, and it is up to 91 per cent?—A. Yes. That is, as I say, exclusive of commission. On statement WA-2 is shown the average weekly commission paid to male and female employees.

STATEMENT WA-2

THE T. EATON CO. LIMITED

STATEMENT OF AVERAGE WEEKLY COMMISSION EARNINGS OF TORONTO SALES CLERKS (EXCLUDING FURNITURE SALES CLERKS) FOR THE YEARS 1929 TO 1933 AND THREE MONTHS TO 31st MARCH 1934 AND THE PERCENTAGE OF THE POSSIBLE NUMBER OF TIMES THOSE ELIGIBLE FOR COMMISSIONS SUCCEEDED IN EARNING COMMISSIONS

	Average Weekly Commission Earned			
	Male	Female	Average Total	Per cent Earning Commission
	\$ cts.	\$ cts.	\$ cts.	%
1929.....	2.13	1.00	1.31	54
1930.....	2.03	0.89	1.18	52
1931.....	2.01	0.81	1.22	47
1932.....	1.73	1.12	1.30	64
1933.....	2.22	1.59	1.77	76
1934 (three months to 31st March).....	1.89	1.31	1.49	77

These commissions are paid on a varying basis, generally on the amount by which employees' sales exceed a certain quota that is set for them from month to month.

Q. Perhaps you had better explain. It is rather well set out in the narrative—how the wages of a sales clerk are arrived at. That is at page 7.—A. The second paragraph describes the fixing of the quotas.

Sales quotas are determined for each section of each department from the past relationship of sales salaries and commissions to sales volume. They are varied from month to month according to the seasonal volume of trade and the general trend of the store's business. A budget selling cost percentage is first determined from the current month and from this the employees' quotas are automatically fixed on the basis of the relationship of this percentage to their salaries. If, for example, 7 per cent is fixed as the budget selling percentage for the month, an employee whose salary is \$14 per week would have a gross quota of \$200, the principle applied being that the employee's sales must reach that figure before any commission would be warranted. In the application of the plan, however, it was the practice until October, 1932, to reduce by 15 per cent the gross quotas arrived at in this manner and to pay commissions on the excess of sales over 85 per cent of the gross quota. After that date, those departments which reduced salaries to the rates provided in the standard wage plan were allowed to deduct 25 per cent from the quota and the commission rates

were generally increased $\frac{1}{2}$ to 1 per cent although in those departments where a high average wage was paid they were increased 1 per cent. This was done to increase the commission earnings and so compensate in part for the reduction in wages. The rates of commission vary from 1 to 4 per cent and are stated to be from $\frac{1}{3}$ to $\frac{1}{2}$ of the established wage selling cost percentage in the department.

Q. If the selling percentage budget is 7 per cent for the department and the employees' salary is \$14 a week then the quota of that employee is \$200 in sales?—A. Yes, subject—

Q. Subject to a variation subsequently. Let us get this paragraph first. That is the basis of the quota, and the employee would ordinarily have to sell \$200 worth of goods that week in order to qualify for the commission, but, subsequently, the quota was reduced by 15 per cent?—A. It had been the practice for some time to reduce all quotas by 15 per cent, and in October, 1932, a general levelling off in wages of sales clerks had been taking place. With higher rates of pay being brought down generally to lower rates of pay, and concurrently with that they reduced the sales quotas so as to increase the possibility of the clerks earning commission. That was done in two ways—first by deducting 25 per cent from whatever quotas were fixed, and, secondly, by slightly increasing the rates of commission pay on the sales in excess of the quotas.

Q. You have given us an example of the wage selling cost for May, 1932, of 7.1 per cent. The quota basis for May, 1933, say, was 7.0 per cent; employee's weekly salary, \$14; amount of sales necessary to earn this salary on May, 1933, quota, \$200; less deduction of 25 per cent from quota, \$50; leaving a net quota of \$150?—A. Yes.

Q. Clerk's actual sales, \$175. Excess over the quota would be \$25 on which a commission of $2\frac{1}{2}$ per cent was allowed, or 62 cents?—A. That is a hypothetical case to illustrate the question.

Mr. HEAPS: It would not be a fair illustration of the actual wages, would it?

The WITNESS: Yes. It is hypothetical, but it is merely illustrative of the principle. You will see there on statement WA-2 what the average commissions do amount to. In the case of females they were \$1 in 1929, 89 cents in 1930, 81 cents in 1931, \$1.12 in 1932, \$1.59 in 1933, and in the four months of 1934 to date, \$1.31.

The CHAIRMAN: That is the average for the week?

The WITNESS: That is the average weekly commission.

By Mr. Kennedy (Peace River):

Q. What is the reason for the distinction between male and female earnings?—A. In all our statements we are showing the remuneration of each class separately.

By Mr. Sommerville:

Q. The point Mr. Kennedy has in mind is why it should be so much larger in the case of male employees than in the case of female employees. Is that because furniture enters largely into this and is sold largely by men?—A. No, furniture is paid on a different basis. We are speaking now of what the majority of the departments are paid on. I think it could only be said that it was due to the fact possibly that male employees were in departments where the sales were greater, or it may be that they were fixed on—their quotas were fixed on a basis which would give them a higher commission.

By Mr. Factor:

Q. Is the rate of commission the same for male and female?—A. It would be if they were working in the same section or the same department, but that does not happen so frequently.

By Mr. Heaps:

Q. I notice at page 7 there is a differential between the married and single male employees. It states here that the rate of pay is \$14 to \$15 for single men and \$18 to \$20 for married men?—A. Yes.

Q. Is that the general practice?—A. Yes. There is a general distinction.

Q. If a person gets married—if a male member of the firm automatically marries does he immediately get the raise?—A. Not necessarily.

The CHAIRMAN: He gets married after he attains the financial position to do so.

Mr. SOMMERVILLE: He does not take chances.

By Mr. Sommerville:

Q. What is the next memorandum?—A. The next statement, I believe, has not been printed. WA-3 shows the average salary and commission in various departments to illustrate how it varies from one department to another. Statement WA-4, which has been printed, shows the average salary, the average commission and the average total remuneration of both male and female sales clerks from 1924 to 1933. Commission figures were not available in 1924, 1925, 1926, but in 1927 the average total salaries and commission of male employees was \$26.15; in 1933, \$22.20. In the case of females, it was \$17.67 on the average in 1927, and \$15.66 in 1933.

Mr. KENNEDY (Peace River): It is the same story there.

Mr. SOMMERVILLE: Yes.

The WITNESS: Oh, yes.

STATEMENT No. WA-4

THE T. EATON CO. LIMITED

STATEMENT OF AVERAGE WEEKLY SALARY RATES AT CERTAIN DATES EACH YEAR AND THE AVERAGE COMMISSION EARNINGS FOR ALL MALE AND FEMALE SALES CLERKS (EXCLUDING FURNITURE CLERKS) FOR THE YEARS 1924 TO 1933 INCLUSIVE

Date	Average Salary	Average Commission	Total
	\$	\$	\$
Male Sales Clerks—			
1924.....	23 57	Not available	
1925.....	23 39		
1926.....	24 20		
1927.....	24 15		
1928.....	24 19	2 00	26 15
1929.....	24 50	2 06	26 25
1930.....	24 64	2 13	26 63
1931.....	24 64	2 03	26 67
1932.....	22 59	2 01	24 60
1933.....	22 31	1 73	24 04
1933.....	19 98	2 22	22 20
Female Sales Clerks—			
1924.....	16 22	Not available	
1925.....	16 50		
1926.....	16 58		
1927.....	16 54		
1928.....	16 55	1 12	17 66
1929.....	16 55	1 01	17 56
1930.....	16 76	1 00	17 76
1931.....	16 98	89	17 87
1932.....	16 09	81	16 90
1933.....	15 56	1 12	16 68
1933.....	14 07	1 59	15 66

Mr. FACTOR: What are the hours of those sales clerks?

The WITNESS: 48 hours a week, with the exception that since October of last year, the female sales clerks have been given a half day off each week with pay; that is, the store is open 48 hours a week, but each of them have a half day off.

By the Chairman:

Q. A complete half day or is it spread over the week?—A. A half day; it does not necessarily mean that they all have the same day, but at some day convenient to the department.

Q. A half day?—A. A half day, sir.

Q. They work 44 hours?—A. The tendency has rather been to lengthen the store hours during recent years. There was a time when it closed all day Saturday in the summer time, and so on.

By Mr. Sommerville:

Q. Let us take the WB's.—A. WB-1 is a statement dealing with the clerks in the Toronto store, not the sales clerks, the clerical workers of various kinds, stenographers, comptometer operators, and so on. On the upper part of the statement is shown male employees classified according to rates of pay, and at the bottom, female employees. Let us take the male employees; for example, in 1929, 30·36 per cent received \$19 per week or less; in 1933 that percentage had increased to 43·92 per cent. In the case of females—

Q. I observe in 1929 there were— —A. 138 receiving less than \$13.

Q. No.—A. In 1933 there were 523 under \$12·50.

Q. Out of 1,406 employees in the department?—A. Yes, or 40·41 per cent under \$16 in 1929, and 78·31 per cent under \$16 in 1933.

THE T. EATON CO. LIMITED

STATEMENT No. WB-1

CLASSIFICATION OF TORONTO CLERKS ACCORDING TO WEEKLY WAGE RATES AS AT 25TH OCTOBER 1929,
1ST NOVEMBER 1931 AND 1ST APRIL 1933

	25th Oct. 1929	P.c. to Total	1st Nov. 1931	P.c. to Total	1st April 1933	P.c. to Total
	No.	%	No.	%	No.	%
Male—						
Under \$10.00.....	47		36		35	
\$10.00 to \$12.49.....	118		65		60	
\$12.50.....					73	
\$13.00 to \$15.99.....	103		161		97	
Total Under \$16.00.....	268	21.35	262	23.71	265	28.22
\$16.00 to \$18.99.....	113		80		138	
Total Under \$19.00.....	381	30.36	342	30.95	403	42.92
\$19.00 to \$21.99.....	91		83		173	
Total Under \$22.00.....	472	37.61	425	38.46	576	61.34
\$22.00 to \$25.99.....	214		228		148	
Total Under \$26.00.....	686	54.66	653	59.10	724	77.10
\$26.00 to \$30.99.....	247		183		122	
Total Under \$31.00.....	933	74.34	836	75.66	846	90.16
\$31.00 to \$35.99.....	162		132		56	
\$36.00 to \$40.99.....	105		81		26	
Total Under \$41.00.....	1,200	95.62	1,049	94.93	928	98.83
\$41.00 to \$45.99.....	46		54		10	
\$46.00 to \$50.00.....	9		2		1	
Total.....	1,255	100	1,105	100	939	100
Female—						
Under \$10.00.....	44		34		14	
\$10.00 to \$12.49.....	94		106		44	
\$12.50.....			31		465	
\$13.00 to \$15.99.....	587		674		578	
Total Under \$16.00.....	725	40.41	845	51.40	1,011	78.31
\$16.00 to \$18.99.....	524		468		164	
Total Under \$19.00.....	1,249	69.62	1,313	79.87	1,265	89.97
\$19.00 to \$21.99.....	204		103		48	
Total Under \$22.00.....	1,453	80.99	1,416	86.13	1,313	93.39
\$22.00 to \$25.99.....	194		121		55	
Total Under \$26.00.....	1,647	91.81	1,537	93.49	1,368	97.30
\$26.00 to \$30.99.....	79		55		29	
Total Under \$31.00.....	1,726	96.21	1,592	96.84	1,397	99.36
\$31.00 to \$35.99.....	45		37		8	
\$36.00 to \$40.99.....	14		9		1	
Total Under \$41.00.....	1,785	99.5	1,638	99.64	1,406	100.00
\$41.00 to \$45.99.....	8		6			
\$46.00 to \$50.00.....	1					
Total.....	1,794	100	1,644	100	1,406	100
Total Male and Female.....	3,049		2,749		2,345	

The WITNESS: Statement WB-2 which is not printed, shows—

By Mr. Sommerville:

Q. It is printed.—A. Statement WB-2 shows the larger groups, not all of them, of what they term expense employees, the larger groups such as delivery, caretaking, mechanics, parcelling departments, and operator employees, warehouse employees, classified both according to male and female. In the delivery employees, for example, in 1929 the largest groups were in the class of \$22 to \$25.99, 182; 105 receiving from \$26 to \$30.99 out of 390; whereas in 1933, there was a total of 109 under \$19, 231 receiving from \$19 to \$21.99, so that substantially all of the delivery employees are now receiving less than \$22.

Mr. FACTOR: Delivery employees receive a bonus?

The WITNESS: They also receive a bonus calculated on two bases, the volume of parcels handled and the satisfaction given.

THE T. EATON CO. LIMITED

CLASSIFICATION OF CERTAIN TORONTO GENERAL EXPENSE EMPLOYEES CLASSIFIED ACCORDING TO WEEKLY WAGE RATES—AS AT 25TH OCTOBER 1929 AND 1ST APRIL, 1933

	Delivery		Caretaking		Mechanics		Parcellers		Doormen and Elevator Operators		Warehouse Employees	
	Oct. 25, 1929	April 1, 1933	Oct. 25, 1929	April 1, 1933	Oct. 25, 1929	April 1, 1933	Oct. 25, 1929	April 1, 1933	Oct. 25, 1929	April 1, 1933	Oct. 25, 1929	April 1, 1933
Male Employees—												
Under \$10.00.....												
\$10.00 to \$12.49.....	1	1			1	1	36	28		1	5	8
\$12.50 to \$12.99.....		2				3	57	50			48	36
\$13.00 to \$15.99.....		23		22	2	1	32	37		2	49	37
								7				69
Total under \$16.00.....	1	26		22	3	5	125	122		3	102	150
\$16.00 to \$18.99.....	23	83	20	90	2	3	5	8		8	74	100
Total under \$19.00.....	24	109	20	112	5	8	130	130		11	176	250
\$19.00 to \$21.99.....	71	231	56	60	1	23	3	9		62	65	145
Total under \$22.00.....	95	340	76	172	6	31	133	139		73	241	395
\$22.00 to \$25.99.....	182	3	71	4	13	78	6	3		6	101	52
Total under \$26.00.....	277	343	147	176	19	109	139	142		79	342	447
\$26.00 to \$30.99.....	105	5	27	1	81	39	8	1		1	199	16
Total under \$31.00.....	382	348	174	177	100	148	147	143		80	541	463
\$31.00 to \$35.99.....	5		1		73	5	2				20	4
\$36.00 to \$40.99.....	3				9	2				1	5	1
Total under \$41.00.....	390	348	175	177	182	155	149	143		81	566	468
\$41.00 to \$45.99.....					6						5	1
\$46.00 to \$50.00.....					1						1	
	390	348	175	177	189	155	149	143		81	572	469

THE T. EATON CO. LIMITED

CLASSIFICATION OF CERTAIN TORONTO GENERAL EXPENSE EMPLOYEES CLASSIFIED ACCORDING TO WEEKLY WAGE RATES-- AS AT 25TH OCTOBER 1929 AND 1ST APRIL, 1933

	Delivery		Caretaking		Mechanics		Parcellers		Doormen and Elevator Operators		Warehouse Employees	
	Oct. 25, 1929	April 1, 1933	Oct. 25, 1929	April 1, 1933	Oct. 25, 1929	April 1, 1933	Oct. 25, 1929	April 1, 1933	Oct. 25, 1929	April 1, 1933	Oct. 25, 1929	April 1, 1933
Female Employees—												
Under \$10.00.....							113	36			1	
\$10.00 to \$12.49.....							70	63			12	4
\$12.50 to \$12.99.....								109				92
\$13.00 to \$15.99.....			22	23			38	1			95	9
Total under \$16.00.....			22	23			221	209			108	105
\$16.00 to \$18.99.....							1		1		3	
Total under \$19.00.....			22	23			222	209			111	105
\$19.00 to \$21.99.....			1	1							1	1
Total under \$22.00.....			23	24			222	209			112	106
\$22.00 to \$25.99.....			1								1	
Total under \$26.00.....			24	24			222	209			113	106
\$26.00 to \$30.99.....											1	
			24	24			222	209			114	106
Total Male and Female Employees	390	348	199	201	189	155	371	352	131	125	686	575

By Mr. Sommerville:

Q. WD-1?—A. That completes the Toronto employees—I beg your pardon. WD-1 is the mail order employees. You have already dealt with the factory which came in between. WD-1 is a similar form of statement. It shows in 1929 1,621 male employees in what they term merchandise section of the mail order department. There were 24·39 per cent receiving under \$16 in 1929; 31 per cent receiving under \$16 in 1934; 43·9 per cent received under \$22 in 1929, and that had increased to 73·88 per cent in 1933. Similarly with the female employees: 61 per cent received under \$16 in 1929; 88 per cent received less than that rate in 1934.

Q. I observe in this mail order department there were 92 out of 167 employees receiving \$12.50 or less?—A. Yes.

Q. As against 24 in 1929?—A. 33 sir, I think you are looking at the 1931 figures.

Q. Yes; as against 33?—A. Yes.

THE T. EATON CO. LIMITED

STATEMENT OF TORONTO MAIL ORDER MERCHANDISE EMPLOYEES CLASSIFIED ACCORDING TO WEEKLY WAGE RATES AS AT CERTAIN DATES

	25th October, 1929	Per- centage to Total	1st Nov- ember, 1931	Per- centage to Total	1st April, 1933	Per- centage to Total
Male—						
Under \$10.00.....	3		3		1	
\$10.00 to \$12.49.....	8		5		6	
\$12.50					15	
\$13.00 to \$15.99.....	29		24		20	
Under \$16.00.....	40	24.39	32	19.63	42	31.34
\$16.00 to \$18.99	21		16		24	
Under \$19.00.....	61	37.2	48	29.45	66	49.25
\$19.00 to \$21.99.....	11		12		33	
Under \$22.00.....	72	43.9	60	36.81	99	73.88
\$22.00 to \$25.99.....	19		44		22	
Under \$26.00.....	91	55.49	104	63.8	121	90.30
\$26.00 to \$30.99	43		35		11	
Under \$31.00.....	134	81.71	139	85.28	132	98.51
\$31.00 to \$35.99.....	15		14		1	
\$36.00 to \$40.99	11		7		1	
Under \$41.00.....	160	97.56	160	98.16	134	100.00
\$41.00 to \$45.99	4		3			
\$46.00 to \$50.00						
Total Male.....	164	100%	163	100%	134	100%
Female—						
Under \$10.00	5		5		2	
\$10.00 to \$12.49	28		15		8	
\$12.50			4		82	
\$13.00 to \$15.99.....	86		101		55	
Under \$16.00.....	119	61.34	125	66.84	147	88.02
\$16.00 to \$18.99	34		38		15	
Under \$19.00.....	153	78.87	163	87.17	162	97.00
\$19.00 to \$21.99.....	20		11		1	
Under \$22.00.....	173	89.18	174	93.05	163	97.60
\$22.00 to \$25.99.....	15		9		3	
Under \$26.00.....	188	96.91	183	97.86	166	99.40
\$26.00 to \$30.99.....	4		2		1	
Under \$31.00.....	192	98.97	185	98.93	167	100.00
\$31.00 to \$35.99.....	2		2			
Total Female.....	194	100%	187	100%	167	100%
Total Male and Female.....	358		350		301	

Statement WE-1 is a statement of the Toronto lunchroom employees, classified according to their weekly schedule of work. Some of them worked 48 hours a week; some 35 hours, some 30 hours, some 26 hours, some 24 hours, and some 18 hours a week. This statement shows the amount they received in cash, and in addition to which they received certain meals, for which the Minimum Wage Board fixes an allowance that may be deducted from the otherwise minimum wage rate. In the case of the 48 hour week employees, which is a full week, in 1930 the largest group were earning from \$10 to \$11, 177 of them; 82 earned from \$11 to \$11.99 in 1934; in 1934, 149 were receiving from \$9 to \$9.99 and 94 were receiving from \$10 to \$10.99, in the case of female employees.

[illegible]

Statement WF-1 shows the executives of the various Toronto units, which would include the factory, mail order and the Toronto store, but it excludes the senior officials of the company who were included in the top 40, which we dealt with a couple of days ago. It shows first those employed who received a bonus and secondly, those who were not bonused in the executive class. This includes mostly department managers, their assistants, and various other people whose salary is generally in excess of \$50 per week. You will see in 1929 there were 259 of such employees who were bonused, of whom 72 received less than \$5,000 per year, total remuneration including bonus, and 187 received \$5,000 or more per year. Of those, there were 42 receiving from \$10,000 to \$15,000, 22 who received from \$15,000 to \$20,000, 91 who received from \$20,000 to \$25,000, and five who received from \$25,000 to \$35,000. The number receiving at the higher rates in 1933 was very substantially reduced. There were only 19 at that time receiving over \$10,000, as against 78 in the earlier years. Of the executives who were not bonused in 1929, 108 received \$2,500 to \$3,000, which was the largest group; 62 received less than that amount; 77 received \$3,000 to \$4,000, and there again the number receiving at the higher rate was reduced in 1933.

Q. In that case there were 16 executives receiving under \$2,500 in 1929?—A. No.

Q. 72?—A. Under \$2,500 in 1929, there were 62 employees, and that had increased to 193 in 1933.

Q. Under \$5,000?—A. There were only 40 above that class in 1933. 20 from \$2,500 to \$3,000, and 20 from \$3,000 to \$4,000. That completes the Toronto wage statements.

STATEMENT No. WF-1

THE T. EATON CO. LIMITED—TORONTO UNITS

STATEMENT OF EXECUTIVES (OTHER THAN CERTAIN SENIOR OFFICIALS OF THE COMPANY), DEPARTMENT MANAGERS AND THEIR FIRST ASSISTANTS AND ALL OTHER EMPLOYEES WHOSE SALARIES EXCEED \$2,600 PER ANNUM—CLASSIFIED ACCORDING TO THE TOTAL SALARY PLUS BONUS PAID IN THE CALENDAR YEARS 1929-1931-1933

	Employees bonused			Employees not bonused			Total		
	1929	1931	1933	1929	1931	1933	1929	1931	1933
Under \$1,000.....						2			2
\$1,000 to \$1,499.....				1	10	35	1	10	35
\$1,500 to \$1,999.....				22	42	74	22	42	74
\$2,000 to \$2,499.....	12	3	16	39	64	82	51	67	98
Total under \$2,500....	12	3	16	62	116	193	74	119	209
\$2,500 to \$2,999.....	8	9	13	108	72	20	116	81	33
\$3,000 to \$3,999.....	21	33	47	77	41	20	98	74	67
\$4,000 to \$4,999.....	31	25	37	17	10	.....	48	35	37
Total under \$5,000....	72	70	113	264	239	233	336	309	346
\$5,000 to \$5,999.....	27	27	22	7	5	1	34	32	23
\$6,000 to \$7,999.....	53	48	27	7	5	1	60	53	28
\$8,000 to \$9,999.....	29	33	14	1	1	.....	30	34	14
Total under \$10,000....	181	178	176	279	250	235	460	428	411
\$10,000 to \$14,999.....	42	39	17	.....	.....	1	42	39	18
\$15,000 to \$19,999.....	22	14	2	.....	.....	.....	22	14	2
\$20,000 to \$24,999.....	9	6	.....	.....	.....	.....	9	6	.....
\$25,000 to \$29,999.....	5	3	.....	.....	.....	.....	5	3	.....
Total.....	259	240	195	279	250	236	538	490	431

The Winnipeg statements are at the end of your folder, statement WW. Statement WW-1 is a summary, and shows the total salary and wages excluding bonuses in the years 1929 to 1933. The total in 1933 was \$3,780,885, and in 1933, \$2,376,960.

THE T. EATON CO. LIMITED

STATEMENT No. WW-1

STATEMENT SHOWING WAGES AND SALARIES PAID AT WINNIPEG UNITS (EXCLUDING BONUSES) FOR THE YEAR 1929 TO 1933 INCLUSIVE

	1929	1930	1931	1932	1933
	\$	\$	\$	\$	\$
Sales—Wages.....	1,446,568	1,378,131	1,197,566	1,059,571	972,398
Sales—Expense.....	1,020,004	1,011,543	860,400	762,950	659,801
Factories.....	95,466	98,967	116,636	103,310	91,182
Mail Order.....	1,218,807	1,007,896	769,105	697,670	653,579
Total.....	3,780,885	3,496,537	2,943,707	2,623,501	2,376,960

Q. That was a decrease of \$1,400,000 in the wages of the Winnipeg store, factory and mail order?—A. I have not a summary here of the average number of employees in the units, but I think we will come later to an indication of what the percentage of reduction was. There were 6,469 employees in 1929 and 4,646 in 1933.

By the Chairman:

Q. This is Winnipeg you are talking about?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. What sheet are you reading from?—A. I am just coming to that.

By Mr. Sommerville:

Q. That is a 28 per cent reduction in employees and a 37 per cent reduction in wages?—A. As between those two dates, but the average for the year might vary somewhat. The next statement is WW-2, showing classifications of rates of pay of sales clerks, sales expense clerks, mail order, work room employees, factory employees who in Winnipeg are all paid on a weekly basis. There is no piece work in force in Winnipeg.

THE T. EATON CO. LIMITED

STATEMENT SHOWING CLASSIFICATION OF WINNIPEG EMPLOYEES ACCORDING TO WEEKLY WAGE RATES AT CERTAIN DATES
BUT EXCLUDING EMPLOYEES ON "SPECIAL" PAYROLL, COMMISSION WORKERS AND LUNCHROOM EMPLOYEES

	Sales						Mail Order					
	*Clerks			Expense			Merchandise			Expense		
	Sept. 1929	Sept. 15, 1931	April 15, 1933	Sept. 1929	Sept. 15, 1931	April 15, 1933	Sept. 1929	Sept. 15, 1931	April 15, 1933	Sept. 1929	Sept. 15, 1931	April 15, 1933
Female												
Under \$10.00.....				22	15	6				9		
\$10.00 to \$10.99.....		1		8	10	3	3		1	11		
\$11.00 to \$11.99.....	2	1	64	11	5	83	3		82	11		56
Total Under \$12.00.....	2	2	64	41	30	92	6		83	31		56
\$12.00 to \$12.99.....	115	204	142	56	92	27	104	88	35	112	117	81
\$13.00 to \$13.99.....	105	114	110	23	21	25	59	35	56	116	96	137
\$14.00 to \$15.99.....	208	128	159	38	28	31	113	58	52	194	116	84
Total Under \$16.00.....	430	448	475	158	171	175	282	181	226	453	329	358
\$16.00 to \$18.99.....	157	110	54	29	36	19	51	43	10	128	83	17
Total Under \$19.00.....	587	558	529	187	207	194	333	224	236	581	412	375
\$19.00 to \$21.99.....	62	29	8	11	11	5	19	8		27	9	5
Total Under \$22.00.....	649	587	537	198	218	199	352	232	236	608	421	380
\$22.00 to \$25.99.....	35	14	10	13	10	4	11	3	3	10	2	
Total Under \$26.00.....	684	601	547	211	228	203	363	235	239	618	423	380
\$26.00 to \$30.99.....	11	11	6	3		1		1		1		1
Total Under \$31.00.....	695	612	553	214	228	204	363	236	239	619	423	381
\$31.00 to \$35.99.....	8	5	1				2	1		2	1	
\$36.00 to \$40.99.....	6	2									1	1
Total Under \$41.00.....	709	619	554	214	228	204	365	237	239	621	425	382
\$41.00 to \$45.99.....	1	1	1							1		
\$46.00 to \$50.00.....												
Over \$50.00.....	1											
Total.....	711	620	555	214	228	204	365	237	239	622	425	382
Male												
Under \$10.00.....				1		1						
\$10.00 to \$10.99.....				4	1		2			9	1	
\$11.00 to \$11.99.....				11	6	2	4			8	5	
Total Under \$12.00.....				16	7	3	6			17	6	
\$12.00 to \$12.99.....	4	1	2	8	3	7	6	6	4	11	5	9
\$13.00 to \$13.99.....	7	1	1	6	10	8	3	3	5	1	5	5
\$14.00 to \$15.99.....	14	11	12	19	11	8	12	4	10	8	4	6
Total Under \$16.00.....	25	13	15	49	31	26	27	13	19	37	20	20
\$16.00 to \$18.99.....	46	44	37	31	34	19	35	33	17	22	15	15
Total Under \$19.00.....	71	57	52	80	65	45	62	46	36	59	35	35
\$19.00 to \$21.99.....	41	38	41	11	5	32	21	14	20	5	5	26
Total Under \$22.00.....	112	95	93	91	70	77	83	60	56	64	40	61
\$22.00 to \$25.99.....	90	92	99	50	82	53	50	55	83	32	82	64
Total Under \$26.00.....	202	187	192	141	152	130	133	115	139	96	122	125
\$26.00 to \$30.99.....	77	73	59	61	29	21	61	69	43	82	31	23
Total Under \$31.00.....	279	260	251	202	181	154	194	184	182	178	153	148
\$31.00 to \$35.99.....	49	41	20	27	22	14	53	26	16	24	16	13
\$36.00 to \$40.99.....	26	18	7	19	7	8	19	12	6	16	7	4
Total Under \$41.00.....	354	319	278	248	210	173	266	222	204	218	176	165
\$41.00 to \$45.99.....	10	6	4	7	6	1	13		2	3	3	2
\$46.00 to \$50.00.....	8	1	1	2	1	2	3	7	8	2	1	
Over \$50.00.....	9	4	1	11	7	3	12	5	3	3	1	1
Total.....	381	330	284	268	224	179	294	234	217	226	181	168

*Not including clerks receiving commission

THE T. EATON CO. LIMITED

STATEMENT SHOWING CLASSIFICATION OF WINNIPEG EMPLOYEES ACCORDING TO WEEKLY WAGE RATES AT CERTAIN DATES BUT EXCLUDING EMPLOYEES ON "SPECIAL" PAYROLL, COMMISSION WORKERS AND LUNCHROOM EMPLOYEES

Work Rooms			Factories			General Expense			Total					
Sept. 1929	Sept. 15, 1931	April 15, 1933	Sept. 1929	Sept. 15, 1931	April 15, 1933	Sept. 1929	Sept. 15, 1931	April 15, 1933	Sept. 1929	Percent to Total	Sept. 15, 1931	Percent to Total	April 15, 1933	Percent to Total
7 6 5	2 1	1 1 41	5 7 11	2 1 2	..... 4 69	65 31 40	26 29 19	40 5 103	108 66 83	..... ..... .....	45 41 28	..... ..... .....	47 14 498	...............
18	3	43	23	5	73	136	74	148	257	8 30	114	4 53	559	25.04
45 16 46	59 12 30	20 20 23	97 39 97	106 52 49	70 28 40	121 40 94	189 52 102	70 54 115	650 398 790	..... ..... .....	855 382 511	..... ..... .....	445 430 504	...............
125 37	104 21	106 7	256 64	212 50	211 40	391 133	417 98	387 49	2,095 599	67.65	1,862 441	74.07	1,938 196	86.83
162 12	125 3	113 3	320 16	262 9	251 2	524 48	515 26	436 10	2,694 195	86.99	2,303 95	91.60	2,134 33	95.60
174 7	128 4	116 1	336 8	271 4	253 4	572 31	541 19	446 14	2,889 115	93.28	2,398 56	95.38	2,167 36	97.09
181 3	132 3	117 2	344 4	275 2	257 1	603 21	560 16	460 9	3,004 43	97.00	2,454 33	97.61	2,203 20	98.70
184 3 1	135 1	119 1	348 1	277	258	624 13 5	576 6 4	469 2 3	3,047 29 12	98.38	2,487 14 7	98.93	2,223 3 4	99.60
188 1	136	119	349	277	258	642 2 2 2	586 2 2	474 1	3,088 4 2 3	99.71	2,508 3 3	99.76	2,230 1 1	99.91
188	137	119	349	277	258	648	590	475	3,097	100.00	2,514	100.00	2,232	100.00
1 4 5	..... 1 1	..... ..... .....	..... 6 5	2 4 2	2 2	..... 11 18	..... 1 11	2 1 1	2 36 51	..... ..... .....	2 8 25	..... ..... .....	5 1 5	...............
10 2 6	2 2 2 1	..... 2 1	11 8 5 15	8 4 4 7	4 3 9	29 15 11 22	12 7 14 23	4 17 9 23	89 54 33 96	3.45	35 28 39 61	1.62	11 49 32 68	0.59
18 24	7 12	3 8	39 7	23 19	24 7	77 34	56 69	53 55	272 199	10.54	163 226	7.55	160 158	8.66
42 25	19 9	11 16	46 10	42 10	31 10	111 66	125 72	108 229	471 179	18.25	389 153	18.03	318 374	17.22
67 55	28 45	27 49	56 21	52 14	41 15	177 290	197 319	337 185	650 588	25.18	542 689	25.13	692 548	37.47
122 59	73 45	76 24	77 27	66 27	56 54	467 223	516 132	522 66	1,238 590	47.96	1,231 406	57.07	1,240 290	67.14
181 27 10	118 19	100 4 3	104 55 64	93 60 51	110 37 41	690 85 73	648 72 48	588 54 15	1,828 320 227	70.82	1,637 256 143	75.89	1,530 158 84	82.84
218 1 2	137 3 1 3	107 2 3 1	223 24 10 11	204 17 9 11	188 12 4 6	848 41 14 20	768 19 3 13	657 7 5 7	2,375 99 39 68	92.02	2,036 54 23 44	94.39	1,772 30 23 22	95.94
221	144	113	268	241	210	923	803	676	2,581	100.00	2,157	100.00	1,847	100.00

By Mr. Sommerville:

Q. No piece work in the factory in Winnipeg?—A. No. And general expense employees, on the right hand side the total is shown. It indicates the number receiving the various rates of pay at three dates—in September, 1929, September, 1931, and April, 1933. And against the total you will see the percentage in each case. In the case of females 8·3 per cent received \$12 or less in 1929; 25·04 per cent were receiving those rates in 1933.

Q. And in the case of males?—A. The total under \$16 had slightly decreased, 10·4 per cent in 1929 and 8·66 per cent in 1933; the total under \$22 was 25·18 per cent in 1929 and 37·47 per cent in 1933.

By Mr. Kennedy (Winnipeg):

Q. How is the comparison of the female help in the factory in Winnipeg compared with the piece workers in the Toronto factories?—A. In April, 1933, there were 258 employees in the Toronto factories, and 73 of those were at rates of \$12 per week or less—

By Mr. Sommerville:

Q. 211 out of 258 were under \$16 per week?—A. Yes.

By Mr. Heaps:

Q. Were those actual earnings?—A. Those are their weekly rates; they are not paid on piece work. Those figures refer to Winnipeg where they are not paid on piece work but are paid a weekly rate.

By Mr. Kennedy (Winnipeg):

Q. Can you compare that with the Toronto factory?—A. I would say that the average would not be very much different than Toronto. There may be fewer cases of low earnings and possibly fewer cases of higher earnings than in Toronto where the piece work system tends to spread the rates over a wider variation.

Q. Would it be correct to say that the average in Winnipeg is higher than in Toronto?—A. I would like to check that.

Mr. HEAPS: It is almost impossible to make a fair comparison.

Mr. SOMMERVILLE: Yes, so many elements enter into it.

Mr. HEAPS: The fact is, that if they can do away with the piece work system in one store there is no reason why they cannot do away with it in another.

The WITNESS: In the case of Winnipeg, the system of pay and commission on a quota basis does not obtain. It is a weekly rate, and there is no commission to be added. Statement WW-3 gives a list or a number of departments with guaranteed drawings.

Q. With guaranteed drawings?—A. Yes, with a guaranteed drawing account all of which are indicated on the schedule. I think I neglected to say that some of the Toronto employees are also on that basis. The memorandum sets it out fully. I think if this statement WW-3 were put in the record it will appear there in detail.

THE T. EATON CO. LIMITED

STATEMENT OF WINNIPEG STORE SALES CLERKS EMPLOYED ON A GUARANTEED MINIMUM WAGE OR DRAWING ACCOUNT BASIS PLUS COMMISSIONS SHOWING THEIR GUARANTEED WAGE AND AVERAGE WEEKLY EARNINGS FOR THE YEAR 1929 AND 1933.

Department	1929			1933		
	Number of employees on commission	Guaranteed wage or drawing account	Average weekly earnings	Number of employees on commission	Guaranteed wage or drawing account	Average weekly earnings
		\$ cts.	\$ cts.		\$ cts.	\$ cts.
Women's and Misses'						
Dresses.....	17	(a) 15 00	18 45	12	(a) 13 00	15 10
Women's Coats and Suits...	15	(a) 15 00	23 05	13	(a) 14 00	18 10
Boys' Clothing.....		Straight salary		6	(a) 18 00	24 35
Wallpaper.....		"		3	(a) 20 00	23 00
Draperies.....		"		4	(b) 20 00	27 50
Furniture and Bedding.....	15	(b) 20 00	43 75	11	(b) 20 00	30 85
Carpets and Linoleum.....	11	(b) 20 00	38 10	8	(b) 20 00	27 15
Men's Clothing.....	17	(a) 20 00	33 10	16	(a) 18 00	26 80
Radios and Refrigerators...		Straight salary		4	(b) 18 00	33 65
					(Single)	
					23 00	
					(Married)	
Washing machines.....		"		4	(b) 18 00	28 65
					(Single)	
					23 00	
					(Married)	

(a) Guaranteed Wage.

(b) Drawing Account.

By Mr. Sommerville:

Q. You have got a commission basis entirely for the employees in the women's and misses' dresses department?—A. Yes. In 1929 they had a guaranteed drawing of \$15 and they averaged \$18.45 a week. In 1933 they had a guaranteed drawing of \$13, and they averaged \$15.10 per week.

Q. That is, if they do not make the commission this week on their guarantee it is made the next week, is that the basis?—A. It varies in different units somewhat. The items on the statement that are marked "a" are guaranteed wage; the items marked "b" are drawing account.

Q. I notice that the "b" items cover furniture and bedding, carpets and linoleum, radios and refrigerators and washing machines?—A. Yes.

Q. And in this case they have a drawing account against their commissions?—A. Yes, sir. The next statement is WW-4. That is a classification of Winnipeg lunch room employees, classified according to weekly rate wage at certain dates, not including the amounts charged for meals that they receive.

Q. Statement WW-4 indicated generally the trend towards more part-time employees, getting a lower rate of pay than in September, 1929?—A. Yes, but you will notice that in the 24 hour per week group there were 95 in September, 1929 and only 29 in April, 1934; in April, 1934, a new group had been started working 36 hours per week of whom there were 73, so that on the average their hours were increased; and the total of the full week employees had declined from 210 to 113.

Q. Yes, full week employees were cut almost in half?—A. The hours lengthened on the other employees.

Q. Apparently most of them went into this 36 hours a week class?—A. It might have been that or they might have been brought up from the 24 hour to the 36 hour group, I cannot just say.

Q. Yes.—A. The wages are shown there. Then the next statement WW-5 deals with the executives, showing the classification of their remuneration, including their bonus, for the years 1929, 1931, and 1933:—

THE T. EATON CO. LIMITED—WINNIPEG UNITS

STATEMENT OF EXECUTIVES (OTHER THAN CERTAIN SENIOR OFFICIALS OF THE COMPANY), SUPERVISORS, GROUP MANAGERS AND DEPARTMENT MANAGERS

Annual Rate of Salary (including bonus)	1929	Per cent to Total	1931	Per cent to Total	1933	Per cent to Total
Under \$2,500.....	45		40		60	
\$ 2,500 to 2,999.....	15		16		21	
3,000 " 3,499.....	18		19		21	
3,500 " 3,999.....	17		24		18	
4,000 " 4,499.....	33		22		18	
4,500 " 4,999.....	13		12		14	
Total under \$5,000.....	141	54.4%	133	54%	152	68.1%
\$ 5,000 to 5,999.....	21		29		20	
6,000 " 6,999.....	21		20		13	
7,000 " 7,999.....	12		7		9	
8,000 " 8,999.....	8		8		8	
9,000 " 9,999.....	14		6		5	
Total under \$10,000.....	217	83.8%	203	82.8%	208	93.3%
\$10,000 to 14,999.....	20		26		15	
15,000 " 19,999.....	19		13		—	
20,000 " 21,999.....	3		3		—	
Total.....	259	100%	245	100%	223	100%
Other employees in receipt of salaries of \$2,600 per annum or more, but not receiving bonuses. (When the earnings of these employees are reduced below \$2,600 per annum they are transferred to the regular payroll record, and vice versa).....	53		50		24	
	312		295		247	

The WITNESS: In connection with statement WW-5, in 1929, 54.4 per cent were receiving \$5,000 or less, and in 1933 that had increased to 68.1 per cent. In 1929 there were 42 employees out of 259 who were bonused receiving rates at over \$10,000, 20 receiving from \$10,000 to \$15,000; 19 receiving from \$15,000 to \$20,000; and 3 receiving from \$20,000 to \$22,000. In 1933 that number was reduced to 15, all of whom were in the \$10,000 to \$15,000 class. In addition to that there were other employees receiving in excess of \$2,600 per year who were not bonused, shown at the foot of the statement, 53 of such employees.

The next is statement WW-6, showing the employees of the Regina units classified according to weekly wage rates at certain dates—1929, 1932, and 1934.

THE T. EATON CO. LIMITED

STATEMENT No. WW-6

STATEMENT SHOWING THE EMPLOYEES OF THE REGINA UNITS CLASSIFIED ACCORDING TO WEEKLY WAGE RATES AT CERTAIN DATES—1929, 1932 AND 1934

	15th September 1929	15th April 1932	30 th April 1934
<i>Female—</i>			
Under			
\$10.00.....			
10.00 to \$11.99.....			
12.00 to 12.99.....	5	7	7
13.00 to 13.99.....	2	1	1
14.00 to 15.99.....	88	60	61
16.00 to 18.99.....	42	28	17
19.00 to 21.99.....	9	4	
22.00 to 25.99.....	5		
26.00 to 30.99.....			1
31.00 to 35.99.....		2	1
36.00 to 40.99.....	2		
Total.....	153	102	88
<i>Male—</i>			
Under			
\$10.00.....			
10.00 to \$11.99.....			1
12.00 to 12.99.....	8	3	
13.00 to 13.99.....	2	1	
14.00 to 15.99.....	8	6	13
16.00 to 18.99.....	14	11	20
19.00 to 21.99.....	23	16	13
22.00 to 25.99.....	45	31	30
26.00 to 30.99.....	39	13	8
31.00 to 35.99.....	19	3	1
36.00 to 40.99.....	3		1
Total.....	161	64	87

The WITNESS: There were 153 female employees in 1929 most of whom were earning from \$14 to \$19 per week; there were 88 female employees who were in the \$14 to \$16 class. The minimum wage in the province of Saskatchewan, I believe, is somewhat higher than it is in some other provinces—\$15 per week formerly, but in September, 1933, it was reduced for a six-month period by 15 per cent to \$12.75.

By Mr. Sommerville:

Q. But ordinarily it was \$15?—A. It had been \$15 previously. There were 61 employees at 30th April, 1934, in the \$14 to \$16 class; that is practically all of them. I am not positive whether on the first of April this six months reduction in the minimum wage had been extended or not.

By Mr. Factor:

Q. There is no piece work at Regina?—A. This is only the store. Now there is a general statement showing the average salaries and wages, not in all units but in a number of them, and showing the reduction from 1929 to 1933. This does not include executive department managers, their assistants and other employees whose salaries were in excess of \$50 per week, nor does it include any factory workers on piece work, therefore, you might say it gives you the average level of the lower paid employees. In the Winnipeg store, mail order and expense department, the average wage of all male employees in 1929 was \$26.26. In April, 1923, it was \$23.68, a reduction of 9.8 per cent. In the Toronto store, mail order and expense department it was \$23.92 in 1929, reduced to \$20.31 in 1933, a reduction of 19.7 per cent.

By Mr. Young:

Q. If I remember rightly, when you were giving us the result of the operation of these two stores, the percentage of wages in Winnipeg to the cost of sales was less than in Toronto.

Mr. SOMMERVILLE: No, expenses.

The WITNESS: They are not quite so much spread out in Winnipeg in their activities as they are in Toronto; they are all under one roof; I think you are referring only to the sales clerks; this is a more comprehensive number.

By Mr. Young:

Q. What I was trying to get at is, in spite of the fact that they had better wages in Winnipeg they get more per dollar?—A. If you will refer to the lower part of the statement you will find that the average wages to the female employees have been less.

Statement W

THE T. EATON CO. LIMITED

COMPARATIVE SUMMARY OF THE AVERAGE SALARIES AND WAGES FOR CERTAIN UNITS OF THE COMPANY AND ITS SUBSIDIARIES AS AT 9TH MAY, 1929, AND 1ST APRIL 1933, (NOT INCLUDING EXECUTIVES, DEPARTMENT MANAGERS AND THEIR ASSISTANTS, AND OTHER EMPLOYEES WHOSE SALARIES EXCEEDED \$50 PER WEEK)

	Male		Reduction
	9th May, 1929	1st April, 1933	
	\$ cts.	\$ cts.	%
Winnipeg Store, Mail Order and Expense Departments.....	26.26	23.68	9.8
Toronto Store, Mail Order and Expense Departments.....	25.92	20.81	13.0
Montreal Store and Expense Departments.....	22.14	17.47	21.1
Moncton Mail Order and Expense Departments.....	21.90	17.03	22.2

	Female		Reduction
	9th May, 1929	1st April, 1933	
	\$ cts.	\$ cts.	%
Winnipeg Store, Mail Order and Expense Departments.....	14.91	13.46	9.7
Toronto Store, Mail Order and Expense Departments.....	17.01	14.60	14.2
Montreal Store and Expense Departments.....	13.95	11.85	15.1
Moncton Mail Order and Expense Departments.....	13.72	10.81	21.2

NOTE.— The above figures include a small amount of commission paid sales clerks in the 1933 averages but not in the 1929 averages. If this were excluded the percentage reductions would be slightly greater.

THE T. EATON CO. LIMITED

STATEMENT SHOWING AVERAGE NUMBER OF EMPLOYEES OF TORONTO UNITS (DETERMINED FROM THE AVERAGE NUMBER OF NAMES APPEARING ON THE WEEKLY PAYROLLS)

	1929	1930	1931	1932	1933	1934 to March 31
*Toronto Stores.						
Sales Clerks.....	3,128	3,129	3,116	2,935	2,849	2,746
Sales Department Office Clerks, etc.....	986	1,010	966	875	795	780
Store Workrooms (including Alteration Shops).....	1,254	1,265	1,174	1,069	997	1,001
Lunch Room Employees.....	569	601	727	712	694	709
Reserve Staff.....	118	172	149	120	149	157
Total Store.....	6,055	6,177	6,132	5,711	5,484	5,393
Factories.....	3,094	3,043	2,743	2,300	2,351	2,358
Factory Work rooms.....	757	677	666	589	554	551
Total.....	3,851	3,720	3,409	2,889	2,905	2,909
Mail Order Merchandise Employees.....	431	421	428	385	381	398
Others.....	648	607	634	578	583	587
Total Mail Order.....	1,079	1,028	1,062	963	964	985
General Expense (Including expense Dept. Em- ployees, Managers, Executives, Office Staff, delivery, elevator and other service depart- ments).....	3,783	3,852	3,918	3,541	3,301	3,269
Total Toronto Employees.....	14,768	14,777	14,521	13,104	12,654	12,556
Male.....	6,574	6,597	6,460	5,828	5,546	5,529
Female.....	8,194	8,180	8,061	7,276	7,108	7,027
Total.....	14,768	14,777	14,521	13,104	12,654	12,556

*College Street Store opened October, 1930.

THE T. EATON CO. LIMITED

COMPARATIVE STATEMENT OF WAGES AND SALARIES PAID IN THE TORONTO UNITS FOR THE COMPANY'S
FISCAL YEARS—1929 TO 1933

	1929	1930	1931 (50 weeks)	1932	1933
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
(Toronto Stores*)					
Sales Clerks (Including Com- missions).....	2,789,977.66	2,753,201.55	2,508,539.79	2,213,645.90	2,021,747.16
Sales Depts—Office Clerks....	1,678,087.79	1,632,005.38	1,399,577.75	1,131,162.20	947,914.90
Store Workrooms (Including Alteration Shops).....	1,525,750.90	1,462,549.15	1,241,115.65	971,938.09	856,194.34
Lunch Room Employees.....	337,942.00	353,943.00	392,572.00	366,111.00	326,463.00
Total Store.....	6,331,758.35	6,201,699.08	5,541,805.19	4,682,857.19	4,152,319.40
Factories.....	3,122,159.94	3,072,441.05	2,293,073.11	1,801,389.02	1,817,920.92
Factory Workrooms.....	971,147.60	918,885.35	798,952.25	696,866.55	619,678.65
Total Factory.....	4,093,307.54	3,991,326.40	3,092,025.36	2,498,255.57	2,437,599.57
Mail Order—Mdse. Employees	595,103.75	555,091.50	556,023.18	449,541.80	395,955.62
Others.....	739,160.45	693,975.54	660,543.53	547,143.45	505,425.08
Total Mail Order.....	1,334,264.20	1,249,067.04	1,216,566.71	996,685.25	901,380.70
General Expense (Including Expense Department Em- ployees, Managers, Execu- tives, Directors, Office Staff, delivery, elevator and other service Departments)†.....	5,241,187.68	5,555,904.65	5,120,705.47	4,337,387.83	3,663,087.65
Total Toronto Employees.	17,000,517.77	16,997,997.17	14,971,102.73	12,515,185.84	11,154,387.32

*College Street Store opened, October 1930.

†Not including bonuses to executives, managers and assistants.

In the Montreal store and expense departments, the average wage of the male employees in 1929 was \$22.14, and in April, 1933, was \$17.47, a reduction of 21 per cent. In the Moncton mail order and expense departments—that does not include the Moncton store, in which we didn't have the figures—the average was \$21.90 in 1929, and \$17.03 in 1933, a reduction of 22.2 per cent. In the female employees, in the Winnipeg store, mail order and expense departments, the average was reduced from \$14.91 to \$13.46 or 9.7 per cent. In the Toronto store, mail order and expense departments, the average was reduced from \$17.01 to \$14.60 or 14.2 per cent; in the Montreal stores and expense departments, from \$13.95 to \$11.85, or 15.1 per cent; and in the Moncton mail order and expense departments, from \$13.72 to \$10.81 or 21.6 per cent.

By Mr. Kennedy (Winnipeg):

Q. The female help in the Toronto store received a higher rate of pay than the female help in the Winnipeg store?—A. Yes. The minimum wage in the various territories that we are dealing with being as follows—I think possibly it may have had some bearing on the general level: In Saskatchewan, as I said, it was \$15, but reduced in 1933 by 15 per cent to \$12.75; in Alberta, \$12.50. In Manitoba the present rate is \$10.80; it was formerly \$12, but it was temporarily reduced by 10 per cent in April of 1933. In Ontario it is \$12.50. In Quebec there is no minimum wage governing store employees, and there is none in New Brunswick.

Q. This fact stands out, comparing the Winnipeg store with the Toronto store: In male help, the Winnipeg employees are more highly paid than the Toronto employees, is that right?—A. Yes.

Q. But in female help, the Winnipeg employees receive a lower rate of pay than the Toronto employees?—A. Yes.

Q. Partially, at least, an element in the cause of that is the difference in the minimum wage laws?—A. In the case of female employees.

Q. Yes, the minimum wage law being \$10 and something?—A. \$10.80.

Q. And in Ontario, \$12.50?—A. And there being a substantial number of female employees at Winnipeg who are receiving \$11, which would not be permissible under the Ontario minimum wage legislation.

By Mr. Sommerville:

Q. Then it is to be observed the reductions were 21 per cent in Montreal, and 22 per cent in Moncton for males; 15 per cent in Montreal and 21 per cent in Moncton for females. These reductions are larger where there is no minimum wage law applying to store employees?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. Would it be correct to state that the scale of wages paid to females in every province synchronizes with the minimum wage law in that province?—A. I don't think you can say that, no; because in every province where there is a minimum wage, there are always a substantial number of people who are receiving rates higher than the minimum wage.

By the Chairman:

Q. And some below?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. I know; we have already noted that the minimum wage for females in Manitoba is lower than the minimum wage for females in Ontario?—A. Yes.

Q. They receive lower pay in Winnipeg than in Toronto?—A. Yes.

Q. And you tie that difference with the provision of the minimum wage laws?—A. For the reason, as I said, that it resulted in paying some of the Winnipeg sales clerks at a rate lower than would be permissible to pay them in Ontario.

By Mr. Heaps:

Q. Mr. Richardson, didn't you show further in the evidence yesterday that, where there is no minimum wage regulation, wages are considerably lower than when there are such minimum wage laws in effect?—A. Yes.

Q. I am speaking of Saint John in particular?—A. Yes. You see, the average remuneration of female employees in Moncton is \$10.81 per week, which is lower than the Ontario minimum.

Q. I am thinking of the case of Saint John, New Brunswick?—A. Yes.

Q. Where there are no minimum wage laws in effect there?—A. That was a factory and is not included in this tabulation.

Q. No, but I am speaking, in a general way, of the effect of minimum wage laws?—A. Yes.

Q. There is no law governing that industry in the province of New Brunswick?—A. That is right.

Q. And it was shown by your statement yesterday that they received about one-half of what the same class of employees are receiving in Ontario?—A. Yes, they are receiving lower pay.

Q. The minimum wage law must have some effect on the compensation of that industry?—A. It would seem so.

By Mr. Kennedy (Winnipeg):

Q. I said the wages paid in a province synchronized with the provisions of the minimum wage laws. That is probably using too exact a word. But would it be correct to say that the rate fixed by the minimum wages laws of a province are reflected in the wages paid to the female employees?—A. Yes, they influence the average, I think.

Q. Are they not pretty exactly reflected? Are not the wages paid to the female help pretty well on the margin of the minimum wage regulations?—A. Well, I think there have been, in each unit we have studied, a very substantial number who, in 1933, were earning at practically the minimum wage rates. But of course, obviously you have some more experienced employees, some more efficient employees who would be paid at higher rates. But there has been a tendency towards reducing a substantial number of employees to the minimum wage rates that are in force, or very close to them.

Q. The general tendency is to pay the rate of wage in the province, or to keep it pretty close to the amount required by the minimum wage law?—A. There has been that tendency in recent years, yes.

Mr. KENNEDY (Winnipeg): That is what we are interested in.

By Mr. Factor:

Q. Although the average wage in Winnipeg and Toronto is above the minimum wage?—A. Yes. Of course, it would have to be unless everybody were at the same, at the one rate.

By Mr. Sommerville:

Q. In these calculations in Statement W, you have included all the employees who are getting up to \$50 a week?—A. Yes. These are taken from the statistics of the company, and that is the statement, that they include those employees with the exceptions I noted, that at Moncton they do not include the store employees, and it does not include the factory employees and piece-work employees.

Q. It does not include the store employees at Moncton who are getting \$7.50 a week, or the factory employees at Saint John who are getting \$7?—A. Comparatively lower rates of pay for both those places.

Q. If they were included, this reduction would be still more pronounced?—A. I think so, yes. In addition to that we have, I think, described in the general memorandum which has been printed, the hours of employment for the Toronto units, the scale of wages which were dealt with very briefly yesterday. That is at the beginning of the memorandum.

By Mr. Young:

Q. IH?—A. Yes, starting with the first page; and the general reduction that had been put into effect in Toronto.

By Mr. Kennedy (Winnipeg):

Q. Before you go on to that, your assistant was trying to figure out the comparison of the factory wages paid in Winnipeg as compared with those in Toronto?—A. Yes. It is very difficult to give that to you. I thing in 1933 an average of the earnings of the women piece-workers in Toronto, without the special money that they received, would be about \$13 per week. That is an approximation, but that would only be for piece-workers. Now, in this statement of the Winnipeg factory, since there is no distinction between piece-work and time-work, the statement includes all employees, and the average of those would be about \$13.70 per week. I think that, probably, if you took all employees in both plants, you would not find very much difference in the average; but you would have more at a lower rate of pay and more at a higher rate of pay in Toronto than in Winnipeg. That is about as near as I can tell you.

By Mr. Sommerville:

Q. You have covered the question of hours?—A. Yes. Holidays: We dealt with the factory workers' holidays yesterday. All other employees are paid for legal holidays, and those with over one year's service and who are paid a weekly wage are allowed certain vacations with pay; those having from one to two years' service being allowed one week's vacation with pay; those with over two years' service being allowed two weeks' vacation with pay. In 1933, however, the above vacations were granted with only half pay; but it was announced at Christmas of 1933 that the full holidays for 1934 would be restored.

It also deals with the payment of overtime. Factory employees receive full overtime; store employees being asked to take time off, generally, to make up for any overtime worked. If they do not do that within thirty days, they are paid for their overtime.

By Mr. Kennedy (Winnipeg):

Q. Do these regulations regarding holidays refer to all the units of the T. Eaton Company Limited?—A. Not invariably, no. This deals with the Toronto units which are about half of the total. We went into them more exhaustively. I can't be sure if that applies at Winnipeg. Some of the western stores and, I believe, the Saint John factory do not have all the benefits which the Toronto employees have.

Q. Take Toronto in this year—you may have stated it but I missed it—what about regulations for holidays for the current year?—A. They have been reinstated for 1934.

Q. That is all legal holidays?—A. And two weeks' vacation with pay, to those with more than two years' service.

Q. And under two years?—A. One week.

By Mr. Factor:

Q. Have you a record of the percentage of employees in time of service, the percentage with a year, and the percentage with two and over?—A. No. I could probably obtain it, if you wish it.

By the Chairman:

Q. Of course, a fairly hasty glance over this statement would indicate a very substantial number do go back beyond 1930. It could be gotten out, I suppose, but it would be quite a job?—A. I think the company probably has statistics on the point which we did not ask them for; but if you wish it, I could submit it at a later time.

The CHAIRMAN: Do you want that particularly, Mr. Factor?

Mr. FACTOR: No; only I suppose it would indicate that, as I understand it, a great percentage of the employees have been in their service for a great number of years.

The CHAIRMAN: That is the impression that I have, from the records.

The WITNESS: The turn-over is greater in the case of female employees, of course.

By Mr. Heaps:

Q. Have you got the turn-over there?—A. No. The memorandum then goes on and deals with the basis on which the various classes of workers are paid—I think we have dealt with all of it in talking about the statements—with the minimum schedule of wages which the company has for starting employees, and the three general reductions in the rate of Toronto wages are described. In addition to that, there were in many cases, reductions made on consideration of individual employees in a building, to generally bring those employees who were doing a similar class of work to the same remuneration.

By Mr. Sommerville:

Q. There was a levelling down of salaries?—A. Yes.

Q. Of those who were doing similar work?—A. Yes.

Q. In order to get down to the basis of the reduction, that was a broad reduction?—A. Yes. That means that, for instance, sales clerks who were receiving \$16 or \$18 were reduced more than those who had been receiving may be \$14 or \$15.

Q. Yes?—A. The total of the three general reductions was at a rate of approximately \$2,000,000 per year in the Toronto units, but that would not represent the total rate of reduction on account of these levelling processes, it is not reflected in these figures.

Q. Yes?—A. It also deals with the increased use of part-time staff, which is rather difficult to measure, but on the average there has probably been a reduction of about two weeks work per year in the average.

Q. This is for store employees, it is not for factory employees?—A. In the general memorandum it is the store and mail order employee, it does not include the factory people whose working week we dealt with yesterday.

Q. And the average number of full weeks' work for employees in 1929 was 44.84, and in 1933 it was 43.07?—A. Yes, that would include some of the part-time employees; it does not mean that the average worker only forty-four weeks, but it indicates a reduction of approximately 2 weeks per year in the average amount of time the employee worked.

Q. An indication of an increase to that extent of the part-time situation?—A. Yes.

Mr. NASH: Answering Mr. Factor's question: We have this on the long-time employees, taking the Toronto store as an example—in April of 1933 there

were 11,660 people employed in Toronto; of these 4.2 per cent have been there over 25 years; 6 per cent had been there from twenty to twenty-five years; 9.4 per cent had been there from fifteen to twenty-years; 12.2 per cent had been there from twelve to fifteen years; 12.3 per cent had been there from five to ten years; 34.7 per cent had been there from one to four years; 3.5 per cent had been there from six months to a year, and 7.7 per cent had been there less than six months.

Mr. FACTOR: Yes, that would be, as I gather, about 60 per cent have been there five years or less.

Mr. NASH: No, about 45 per cent four years or less; and 22.3 per cent between five and ten years.

Mr. RICHARDSON: The percentages indicate that male employees have longer service.

By Mr. Sommerville:

Q. This is female?—A. This is total. At the end of the memorandum are listed a number of financial benefits which the employees receive which are not reflected in their rates of pay: retiring allowances—to women employees of 55 years of age, and men of 65 years over; this is not a binding obligation on the company, but purely at their own pleasure.

By Mr. Factor:

Q. It is generally carried out?—A. Generally carried out. Payments to Toronto employees on this count amounted to \$193,731.

Women employees of 55 years of age, and men of 65 years or over, with at least 25 years' service may be retired at the pleasure of the Company and receive an allowance of upwards of \$5 per week (depending on length of service) plus 10 per cent of weekly salary at time of leaving. Since December, 1912, allowances to new pensioners were reduced by 20 per cent of any amount in excess of \$20 per month. The Company does not obligate itself to pay these allowances and the employees do not contribute towards them. Payments to Toronto employees on this account in 1933 totalled \$193,731. These allowances include payments to women employees who were retired many years ago at the age of 45.

By Mr. Heaps:

Q. How many people were receiving these retiring allowances?—A. I cannot tell you, I have not the figures.

Short Term Allowances—

Employees not eligible for the above, may, upon discharge, be given a monthly allowance based on length of service, etc., for a number of months. The payments to Toronto employees on this account in 1933 totalled \$121,740.

Q. And this amount of \$121,740 is in addition to that other total of \$193,731?—A. Yes.

Sick Pay—

Employees with more than 2 years' service receive part pay, if away through illness more than three days. In certain cases additional assistance is also given. The total spent by the Toronto units in this way in 1933 was \$51,254.

By Mr. Kennedy (Winnipeg):

Q. Is that part of their hiring arrangement, or is it also voluntary?—A. This is all purely voluntary and does not obligate the company in any way

Q. And these three items in the Toronto store for the year 1933 indicate that there was a voluntary payment made by the company without obligation: In retiring allowances of \$193,731; short-term allowances of \$121,740; and sick pay amounting to \$61,254?—A. Yes, that is right, sir.

Life Insurance—

The Company pays 10 per cent of the premiums on policies up to \$25,000 issued by the T. Eaton Life Insurance Company to employees of more than 6 months' service. The amount of this contribution in 1933 for the Toronto units was \$30,115. While this is a direct benefit to the employees the cost to the shareholders of the T. Eaton Company (chiefly the Estate of Sir John Eaton) of this contribution is offset by profits accruing to the Life Assurance Company, which by reason of low acquisition costs is enabled to operate more economically than most life companies.

Q. Can you say as to their rate of insurance, I presume it is comparable to that charged by other companies?—A. We are dealing with that when we come to insurance, and expenses of the life company also, it makes a substantial profit even after allowing for the amount of the contribution.

By Mr. Sommerville:

Q. I see in your statement you indicate the profits of the T. Eaton Life Insurance Company accruing to its shareholders before providing for investment reserves, etc., in 1929 amounted to \$44,172.62?—A. Yes.

Q. And the ten per cent contribution by the T. Eaton Company Limited of employees premiums amounted to \$50,317.25?—A. Yes.

Q. In 1930 the profit was \$164,932.69; and the 10 per cent contribution towards employees' premium was \$58,844.80?—A. Yes.

Q. In 1931 the total profit was \$165,397.89, and the ten per cent contribution by the company towards employees' premiums amounted to \$62,538.10?—A. Yes.

Q. And in 1932 the profit amounted to \$129,366.59, and the contributions for employees' premiums amounted to \$63,578.15?—A. Yes.

Q. And in 1933 the profit was \$175,863.47, the ten per cent contribution by the company was \$61,867.55?—A. Yes.

By Mr. Factor:

Q. Have you a record of the number of employees who have taken advantage of insurance under this scheme?—A. No, I have not. That completes wages.

Mr. FACTOR: You might continue and read these other items?—A. Employees' Savings—

Savings from wages are accepted as deposits payable on demand on which the Company pays 5 per cent on the minimum monthly balance. It also issues debentures for a five-year term on which it pays 5 per cent plus a bonus determined each year (latterly 1½ per cent). A reserve of high grade investments is maintained for a substantial proportion of these accounts.

By Mr. Kennedy (Winnipeg):

Q. Those deposits can be withdrawn at any time?—A. Yes, it does not operate as a bank in that it only accepts savings from employees' wages.

Q. Is the amount on deposit substantial?—A. Yes.

Q. Is there any objection to indicating that?—A. It was indicated previously in our statement. I will have the figure for you in a moment.

By Mr. Factor:

Q. The interest rate is higher than bank interest, is it not?—A. Yes.

Mr. KENNEDY (Winnipeg): It is double at present.

Mr. FACTOR: Almost double, yes.

Mr. KENNEDY (Winnipeg): I am not sure, I think bank interest on deposits is $2\frac{1}{2}$ per cent.

Mr. FACTOR: It is 3 per cent in Ontario.

Mr. ILSLEY: The rate on debentures is very high too, $6\frac{1}{2}$ per cent.

Mr. KENNEDY (Winnipeg): It was 3 per cent, reduced to $2\cdot2\frac{1}{2}$ per cent.

By Mr. Sommerville:

Q. What is the interest they pay on a deposit account?—A. 5 per cent on deposit accounts.

Q. Is it 5 per cent on deposit by customers as well?—A. On deposits by customers I believe it is—there is a rate of interest given on deposits by customers and an additional discount off their purchases.

Q. I wondered whether the rate to the employees was the same as on customer deposits?—A. I believe it is slightly higher.

Mr. GORDON: On customer deposit accounts the rate is 4 per cent up to balances of \$500, it is $2\frac{1}{2}$ per cent on anything over and above that; in addition they get 1 per cent discount on all purchases.

Mr. FACTOR: That is the D.A. account.

Mr. SOMMERVILLE: For all practical purposes it is 5 per cent.

By Mr. Kennedy (Winnipeg):

Q. Is there any interest differentiation in employees' accounts over \$500, is the rate reduced?—A. I do not think so. The total employees' accounts, including accounts of some of the higher officials, totalled \$4,199,000—that is savings accounts—in addition there were debentures to employees totalling approximately \$6,000,000.

By Mr. Heaps:

Q. How many employees does that represent?

Mr. GORDON: Approximately 1,100 individuals, employees and executives.

By Mr. Factor:

Q. They are paying $6\frac{1}{2}$ per cent on debentures has that been reduced in the last few months?—A. In the last few years; it was formerly I think one half per cent higher than that; they bear a nominal rate of 5 per cent, plus additional bonuses which they may declare.

By Mr. Kennedy (Winnipeg):

Q. I think you also mentioned that employees are allowed a discount?—A. Discount on Purchases—

Employees with more than six months' service are allowed a 5 per cent discount on all purchases in the stores and an additional 5 per cent on certain garment purchases. Prior to July, 1932, 10 per cent was allowed on all purchases except certain foodstuffs.

The total of such discounts in 1933 at Toronto was \$169,273. The practice of allowing such discounts is quite general among department stores. While they directly benefit the employees, the Company obtains a gross profit on the goods so sold.

Q. And the total of such discounts for 1933 amounted to \$169,273?—A. Yes, but on that amount the company makes a gross profit on the goods which it sells to the employees.

Q. Certainly?—A. That discount varies to some extent from one branch to another.

By Mr. Factor:

Q. On furniture it is higher is it not?—A. I believe it is ten per cent as well. The remainder of these items are not important.

Q. I think we ought to put them on record?

Wedding Gifts—\$5,433 in 1933.

Quarter Century Club Gifts—\$16,374 in 1933.

Payments to Widows of Deceased Employees—\$15,345 in 1933.

Q. What is that Quarter Century Club?—A. Those are the employees completing 25 years in the service.

Mr. HEAPS: I think Mr. Young thought this had reference to the Twentieth Century Club.

The CHAIRMAN: Order, order.

By Mr. Factor:

Q. These three items are all on a voluntary basis?—A. All voluntary.

OTHER BENEFITS

The Company also provides the following services, some of which are maintained in conjunction with store services to customers—

Recreation facilities, club rooms, summer camps (towards which the employees make a contribution), store hospitals, medical attention and dental clinic. The cost to the Company of these services in 1933 was \$101,526 and which includes rent of \$19,954 for Girls' Club premises.

By Mr. Kennedy (Winnipeg):

Q. And it is clear then that these figures you have given relate only to the Toronto units?—A. To the Toronto units only.

Q. Do similar conditions apply to other units?—A. In some of the other units, but not invariably.

By Mr. Heaps:

Q. Would similar conditions apply to the Winnipeg store?—A. Generally speaking, life insurance, employees' discounts, and I think retiring allowances—yes. Generally speaking the St. John factory employees do not have the same benefits.

Mr. SOMMERVILLE: You want now the Life Insurance Company, and the Purchasers' Finance Company?

The CHAIRMAN: Where are they?

The WITNESS: Nearer the end of the black book, the last section; there you will find the Purchasers' Finance Company and the Life Insurance Company.

The CHAIRMAN: Oh yes.

The WITNESS: None of the statements of these companies have been printed. I suggest that we file the statement and I can read to you just the important points.

By Mr. Sommerville:

Q. Yes?—A. The purchasers' finance company was incorporated to finance accounts sold on an instalment basis, and customers pay a higher price for goods which are sold on time to offset the company for the cost of carrying these accounts, and the cost of collecting the accounts. The Purchasers' Finance Company shows only a nominal profit practically each year on its \$1,000,000 of invested capital; the reason being that in competition with companies who sell at the same price on the instalment plan as they do for cash, the company is not able to charge a sufficient additional amount to pay all the costs of collection and interest on the money invested in these accounts.

Q. I observe statement S-1.—A. S-1 shows representative types of accounts financed by the company and indicates in practically every case it does not receive sufficient to pay the whole additional cost and interest on the amount outstanding from time to time. In some cases the store pays part of the additional cost to the Purchasers' Finance Company, but the results in this company are consolidated in the statement you have already shown, and I think what I have said substantially described the matter.

Q. Statement S-2—comparative operating profit and loss account shows a net operating loss?—A. These operating losses are after charging interest in the same way in which the store charges interest to its operating department, and you will find the net loss on the third last line—net profit or loss—and a loss in 1926 for six months of \$3,191.78, a profit in 1927 of \$14,991.30, a profit in 1928 of \$14,014.74, a profit in 1929 of \$8,164.80. From 1930 on there is a very small profit or loss shown. It is purely nominal. In each of the latter years it is after charging certain expenses of the company up to the T. Eaton Company as being its share of the cost of settling complaints with customers and making certain adjustments.

By Mr. Factor:

Q. This instalment business is a recent innovation for the last few years?—A. For the last ten years.

Q. Have they been in operation ten years?—A. The Purchasers' Finance Company commenced operations in 1926.

By Mr. Sommerville:

Q. And into that company there is charged 6 per cent interest?—A. In the first part of the operating statement interest is charged but it is credited below the profit and loss account, so that the net figure we show is not after charging interest, except on whatever money the company borrowed from banks or from the T. Eaton Company. I think that is substantially all there is to the Purchasers Finance Company.

T. Eaton Life Assurance Company is the next statement (T-1). This is a company incorporated by special Act of Parliament to conduct a life insurance business primarily among its own employees. Comparative balance sheets of the company are on statement T-1; comparative revenue and surplus account is on statement T-2; and on statement T-3 is a summary of the business written through the mail order division.

Q. The mail order division writes life insurance?—A. It solicits life insurance from their customers. Out of \$25,504,800 insurance in force at December 31, 1933, \$20,051,700 was from employees or former employees of the Eaton company, \$2,645,877 was business solicited by mail, and the remainder was re-insurance assumed and policies taken from other than employees. You will see on the comparative balance (T-1) that at December 31, 1933, the company's capital was \$100,000; it had a contingent reserve of \$100,000; the shareholders surplus account was \$4,462.47, a surplus of \$528,248.22, a total of \$732,710.69.

I might say that in the earlier years of the company in 1920 it commenced to write group insurance on its employees, and the whole of these premiums were paid by the Eaton Company, and it made a profit on that business of \$156,570 which was not withdrawn immediately. Later they commenced to write ordinary insurance, and in 1926 they started to write participating insurance, but the whole of the surplus which with the capital amounts to \$732,710 has all accrued to the shareholders of this life insurance company so that their initial investment in 1920 has increased during that period.

Q. From \$100,000?—A. From \$100,000 to \$732,000 odd.

Q. Since 1920—A. Part of it was due to the fact that they made a profit on group insurance in the earlier years in which the T. Eaton Company paid the whole premiums, \$156,570, and it should also be taken into account that the T. Eaton Company is paying 10 per cent of the other employees' premiums. But the table set-out—which I believe you read into the evidence—in connection with wages shows the present earnings position of the company and against that the 10 per cent contribution of the T. Eaton Company; so that at the present time the earnings are very substantially more than the amount of this 10 per cent contribution.

Q. Yes, the present earnings are about three times the amount in 1933—about two and one-half times the amount of the contribution?—A. The earnings before providing for investment reserve.

By Mr. Heaps:

Q. Are they still paying the premiums for the group insurance?—A. No, the group insurance operated only for a couple of years and that was dropped; thereafter they commenced to do ordinary business and to pay 10 per cent of the employees' premiums.

By the Chairman:

Q. Now, just a moment. This is virtually an insurance company owned by the T. Eaton Company?—A. Owned principally by the estate of Sir John Eaton and in part by the company.

Q. It insures the employees?—A. Principally the employees.

Q. And makes a certain contribution. Did you say 10 per cent?—A. Yes, the T. Eaton Company makes a 10 per cent contribution to the T. Eaton employees.

Q. But as disclosed in this statement, such contributions amount to about one-third of the surplus owned?—A. One-third in the case of 1933 and slightly smaller percentages in previous years.

By Mr. Kennedy (Winnipeg):

Q. And did you state that the insurance offered under this insurance company is comparable in all respects to outside companies?—A. Yes. The net premiums compare favourably with other companies. The reason that the company is enabled to earn those profits is that their expense of doing business is very low. They do not have a lot of advertising cost, agency force and large commissions.

Q. From the employees' point of view they get a 10 per cent better bargain than they get from any other insurance company?—A. Substantially.

The CHAIRMAN: It is partially, but not fully, a mutualized company.

The WITNESS: No, it is not mutualized.

Mr. SOMMERVILLE: To the extent of the contribution. I suppose one could say that the contribution operates somewhat similarly to the profits of a mutual company.

The WITNESS: Like all other Dominion licenced companies, the participating policy holders are entitled to a large proportion of whatever profit is made, but to date there has been no profit on participating business. The profits which have accrued are all of the non-participating business and on this group business which was started in the earlier years, and they go to the shareholders.

Mr. HEAPS: You say the profits go to the shareholders?

The WITNESS: Yes.

By Mr. Kennedy (Winnipeg):

Q. To sum up, would not the benefits to the employees be as follows: first, a saving of 10 per cent on their premiums which they would have to pay for participating insurance in any outside company?—A. Yes.

Q. Secondly—this may be theoretical—probably an encouragement to employees to take out insurance in the fact that they get it at a reduced rate?—A. They are encouraged to take out insurance.

Q. Then, when an employee ceases to be employed by the T. Eaton Company their right to continue that insurance still go on?—A. And the company continues to pay the 10 per cent for a number of years—for the next three years the company continues to contribute the 10 per cent.

By Mr. Kennedy (Peace River):

Q. Does it matter how long they have been in the employ of the company?—A. I presume there has been some stipulation as to the length of service. I just want to say, Mr. Kennedy, that those profits were not consolidated with the profits of the merchandising units and, therefore, they consider those as being an addition to the net profits of the T. Eaton Company.

Mr. NASH: That is not quite right. The control of the life insurance company is held by the estate and not by the merchandising units. It is true that the estate, in turn, owns and controls the merchandising units, but this is not part of the profits of the merchandising units as such.

Mr. FACTOR: I do not know why it is the concern of this committee to discuss the whole life insurance business.

Mr. KENNEDY (Winnipeg): Oh, yes.

Mr. FACTOR: Except inasfar as Mr. Kennedy points out, that the benefit accrues to employees.

By Mr. Sommerville:

Q. Just before you leave the question of wages that you were dealing with, will you give us the final summary that you had at the beginning of your memorandum?—A. Yes, I think I covered most of that.

Q. I do not think that portion was read in?—A. I read about all of it.

Q. Memorandum concerning the wages and salaries of certain units?—A. Yes.

Q. "The following is a summary—"?"—A. There is first a summary of the total pay-rolls which excludes the Eaton Knitting Company of Hamilton and the Life Insurance Company. It shows the total wages and salaries and the estimated average number of employees in each of the five years. Do you wish that read into the record?

The CHAIRMAN: Yes, I think we had better read that into the record.

The WITNESS: In 1929 the total wages and salaries were \$39,841,000. The estimated number of employees 32,000; in 1930, the total wages and salaries were \$37,067,000; the estimated number of employees, 32,200. In 1931, the wages and salaries were \$31,604,000, and the estimated number of employees 31,100; in

1932, the wages and salaries were \$27,481,000, and the estimated number of employees 26,200; in 1933, wages and salaries were \$24,879,000, the estimated number of employees 24,114, or a reduction of 38 per cent in the salaries and wages paid since 1929, and a reduction of 25 per cent in the number of persons employed.

By Mr. Sommerville:

Q. Just continue that narrative.—A. The next paragraphs describe statement W. which I have already submitted and dealt with. The supervisor of the wage office stated that the average hourly rate of store and expense department employees of the whole organization (both male and female) in 1929 was 43 cents per hour and in 1933, 37 cents per hour, or \$20.16 and \$17.76 per week respectively based on a 48 hour week, a reduction of 12 per cent. The average reduction in the wage rates of those employees who were reduced was from 15 to 20 per cent, the difference in these percentages being due to the fact that a number of employees on low weekly rates were not affected by these reductions.

Mr. FACTOR: That only relates to the store employees?

Mr. SOMMERVILLE: No, all.

The WITNESS: Not the factory, no; store and expense department.

By Mr. Sommerville:

Q. But your first consolidation was a consolidation of the summary of the wages, salaries, commissions and bonuses, the amounts paid to the employees of the T. Eaton Company, Limited, and its subsidiary and associated companies for the years 1929 to 1933?—A. But excluding the Eaton Knitting Company of Hamilton and the Life Insurance Company which are not directly controlled.

By Mr. Kennedy (Winnipeg):

Q. With respect to the wages generally of the T. Eaton Company, would it be correct to state that in provinces where there are minimum wage laws, so far as your investigation has gone, the company is living up to those laws?—A. The company has complied, so far as we have investigated, yes.

Q. In provinces where there are no minimum wage laws, there is a tendency for the rate of wages to drop?—A. Yes.

Q. As illustrated very clearly in the wages paid at St. John, N.B.?—A. St. John, Moncton and Montreal store employees.

By Mr. Sommerville:

Q. Now, you also dealt with the Canadian Department Stores, in your investigation?—A. Yes.

Q. Let us have your report?—A. These statements were not printed, sir.

Q. Are they in this same book?—A. No, they are in the merchandising sections we dealt with.

Q. In which memorandum do you deal with them?—A. It is in the merchandising. This company was formed in 1928, the Canadian Department Stores, to acquire a chain of department stores formerly carried on by a company of a similar name which was then in bankruptcy. It acquired stores located at: Belleville, Brantford, Brockville, Chatham, Hamilton (subsequently transferred to the T. Eaton Co. Ltd.), Hanover, Huntsville, Lindsay, Midland, Montreal, Napanee, North Bay (destroyed by fire during negotiations, rebuilt and re-opened August, 1929), Ottawa, Pembroke, Picton, Peterborough, Port Arthur, Sault Ste. Marie, Stratford, St. Catharines, Sudbury, Woodstock. Since that time, as stated above, some of these stores have been transferred to the T. Eaton Company, and some new stores have been acquired, including five stores formerly operated by the Eaton stores as Teco stores in the Maritimes. These were taken into the department stores.

Mr. FACTOR: Do you know anything of the history of the acquisition between Eaton's and an American concern; have you any record of that?

The WITNESS: No, I have not.

By Mr. Factor:

Q. I understand that the acquisition was between the T. Eaton Company and an American concern?—A. No, that is not the concern. Mr. G. T. Clarkson was the trustee in bankruptcy for the Canadian Department Stores, and the T. Eaton Company purchased the stores from him.

Q. I know, but there were bids for those stores by an American company as well as the T. Eaton Company.

Mr. NASH: There was a bid from an American institution for those stores.

The WITNESS: The purchase price of the stores, which was paid in cash, together with the loss on their operations up to the date at which they were taken over, which had to be borne by the purchaser, totalled \$4,197,280.23.

By Mr. Sommerville:

Q. Where is that set out?—A. On page 1 of the narrative. In addition to which, the T. Eaton Company, Limited paid organization expenses, etc., amounting to \$105,035, making a total cost to it of \$4,302,315.23. It then sold the assets to the Canadian Department Stores, Limited, to this new company which was incorporated for the purpose, at a price \$553,345 less than its cost, that was after making certain adjustments.

Q. That is, the operating company absorbed on the transfer a \$500,000 loss?—A. The T. Eaton Company.

Q. Yes, the T. Eaton Company?—A. Yes. It turned the properties over to this new Canadian Department Stores Limited in consideration of \$1,000,000 of 7 per cent cumulative shares and \$999,150 common shares and accepted the debt of the new company for \$1,749,820.23.

Turning over to page 3, Mr. Sommerville; we have dealt with the stores that it purchased. We show here the comparative balance sheets of this company statement K-1, and comparative operating statement, by seasons, statement K-2.

STATEMENT No. K-1.

THE CANADIAN DEPARTMENT STORES, LIMITED

COMPARATIVE BALANCE SHEETS

	31st January 1929	30th January 1930	29th January 1931	14th January 1932	12th January 1933	11th January 1934
	\$	\$	\$	\$	\$	\$
	cts.	cts.	cts.	cts.	cts.	cts.
ASSETS						
Cash on Hand and in Banks.....	31,157 21	39,100 00	45,950 00	44,950 00	27,160 66	30,600 93
Accounts Receivable—Trade.....	12,296 94	15,793 46	19,453 74	19,742 55	11,025 49	21,534 69
Inventories of Stock in Trade.....	1,772 561 11	1,874 650 78	2,335 514 08	2,009 368 82	1,558 437 39	1,363 140 99
Investments.....	1,816,015 26	1,929,544 24	2,400,922 82	2,074,061 37	1,596,623 54	1,415,276 61
Fixed Assets, less Depreciation:		502 00	502 00	502 00	554 00	554 00
Land.....	795,059 26	795,132 26	926,534 26	925,062 75	928,950 93	928,950 93
Buildings and Buildings Improvements.....	923,458 25	963,440 39	1,146,544 42	1,275,511 09	1,400,801 71	1,377,295 42
Equipment.....	602,504 01	736,380 70	923,867 50	920,200 15	928,348 01	868,081 56
Inventories—Maintenance and Operating.....	2,321,031 52	2,484,953 35	2,996,946 18	3,120,774 00	3,258,100 65	3,174,327 91
Expenditures on Future Business.....	4,653 23	6,214 05	10,330 08	2,456 40		30 00
	16,202 10	17,788 58	20,491 08	6,859 17	13,387 89	21,344 61
	20,855 33	24,002 63	30,821 16	9,315 57	13,387 89	21,374 61
	4,157,902 11	4,439,002 22	5,429,192 16	5,204,652 94	4,868,666 08	4,611,533 13
LIABILITIES						
Accounts Payable:						
Trade and Employees'.....	81,431 47	133,578 24	328,046 59	101,465 72	90,113 47	133,307 80
The T. Eaton Company, Limited.....	2,046,551 76	2,248,698 85	3,002,536 69	2,995,449 41	2,665,466 28	2,347,986 81
Provision for Taxes.....	2,127,983 23	2,382,277 09	3,330,583 28	3,096,915 13	2,753,579 75	2,481,294 61
Capital:	2,200 00	4,900 00	11,666 49	9,185 87		
Authorized:						
20,000 7% Cumulative Preferred Shares of \$100 each \$2,000,000.						
30,000 Common Shares of no par value.						
Issued:						
10,000 7% Cumulative Preferred Shares of \$100 each.....	1,000,000 00	1,000,000 00	1,000,000 00	1,000,000 00	1,000,000 00	1,000,000 00
20,000 Common Shares of no par value.....	1,000,000 00	1,000,000 00	1,000,000 00	1,000,000 00	1,000,000 00	1,000,000 00
Profit and Loss Account.....	2,000,000 00	2,000,000 00	2,000,000 00	2,000,000 00	2,000,000 00	2,000,000 00
	27,718 88	51,825 13	86,942 39	98,551 94	113 086 33	130,238 52
	4,157,902 11	4,439,002 22	5,429,192 16	5,204,652 94	4,868,666 08	4,611,533 13

THE CANADIAN DEPARTMENT STORES, LIMITED

COMPARATIVE OPERATING STATEMENT, BY SEASONS FROM 2ND MAY 1928 (THE COMMENCEMENT OF OPERATIONS) TO 11TH JANUARY 1934

PRICE SPREADS AND MASS BUYING

3379

	1928		1929		1930		1931		1932		1933	
	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall
Stores—												
Sales.....	1,530,237	3,770,592	3,294,097	3,920,441	3,873,229	5,426,339	4,480,610	4,208,146	3,453,753	3,136,873	2,918,949	3,190,199
Cost of Goods Sold.....	1,135,379	2,990,046	2,452,315	3,001,420	2,887,232	4,043,609	3,370,234	3,217,253	2,736,238	2,426,826	2,278,747	2,554,876
Gross Profit.....	394,858	780,546	841,782	919,021	985,997	1,382,730	1,110,376	990,893	717,515	710,047	640,202	835,323
	%	%	%	%	%	%	%	%	%	%	%	%
Gross Profit Percentage on Cost.....	34.8	26.1	34.3	30.6	34.2	34.2	32.9	30.8	26.2	29.3	28.1	35.5
Workroom Wages.....	3,530	8,615	10,272	10,243	12,720	12,671	11,387	9,237	12,407	12,192	14,277	12,825
Net Gross Profit.....	\$ 391,328	\$ 771,931	\$ 831,510	\$ 908,778	\$ 973,277	\$ 1,370,059	\$ 1,098,989	\$ 981,656	\$ 705,108	\$ 697,855	\$ 625,925	\$ 822,498
	%	%	%	%	%	%	%	%	%	%	%	%
Net Gross Profit Percentage on Cost.....	34.5	25.8	33.9	30.3	33.7	33.9	32.6	30.5	25.8	28.8	27.5	34.9
Expenses.....	\$ 424,894	\$ 952,122	\$ 808,963	\$ 893,954	\$ 1,009,749	\$ 1,244,481	\$ 1,224,166	\$ 1,116,160	\$ 1,003,811	\$ 843,787	\$ 818,174	\$ 740,582
Operating Profit or Loss Carried to Page 2.....	33,566	180,191	22,547	14,824	36,472	125,578	125,177	134,504	298,703	145,932	192,249	81,916
Warehouse—												
Sales and Transfers to Stores.....			1,392,821	1,549,108	639,357	936,690	505,088	841,994	318,189	282,712	162,030	52,129
Cost of Goods Sold.....			1,432,248	1,556,633	619,218	904,382	507,495	983,967	332,718	287,009	161,910	49,738
Gross Profit.....			39,427	7,525	20,139	32,308	2,407	143,973	14,529	4,297	120	2,391
Expenses.....				48,092	31,951	27,641	16,092	26,625	14,026	3,967	(Included in Store Expenses)	2,520
Operating Profit or Loss Carried to Page 2.....			39,427	55,617	11,512	4,767	18,499	170,598	28,555	8,264	120	129

*Charged $\frac{1}{3}$ to Stores and $\frac{2}{3}$ to Supplementary expenses, later absorbed by The T. Eaton Co. Limited.

STATEMENT No. K-2.

THE CANADIAN DEPARTMENT STORES, LIMITED

COMPARATIVE OPERATING STATEMENT, BY SEASONS FROM 2ND MAY 1928 (THE COMMENCEMENT OF OPERATIONS) TO 11TH JANUARY 1934

	1928		1929		1930		1931		1932		1933	
	1928		1929		1930		1931		1932		1933	
	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall
	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.
Operating Profit or Loss Carried from Page 1:												
Stores.....	33,566 00	180,191 00	22,547 00	14,824 00	36,472 00	125,578 00	125,177 00	134,504 00	298,703 00	145,932 00	192,249 00	81,916 00
Warehouse.....			39,427 00	58,617 00	11,812 00	4,767 00	18,499 00	170,598 00	28,555 00	8,264 00	120 00	129 00
	33,566 00	180,191 00	16,880 00	40,793 00	48,284 00	130,345 00	143,676 00	305,102 00	337,258 00	154,196 00	192,129 00	81,787 00
Additional Trading, Extraordinary and Supplementary Expenses, per statement.....	38,823 29	56,086 42	122,940 35	5,531 21	35,130 28	82,074 02	61,399 40	60,691 15	78,368 59	68,362 55	53,390 16	66,331 03
Profit or Loss before Allowance and Special Credits.....	5,257 29	124,104 58	139,829 35	35,261 79	13,153 72	48,270 98	82,285 60	244,410 85	248,889 41	85,833 65	138,738 84	148,108 03
Allowances received from The T. Eaton Co. Limited and Special credits.....	183,598 53	37,032 36	172,362 63	26,825 76				338,306 00	28,795 00	378,052 45		7,783 00
Net Profit or Loss for the period, according to the Company's records.....	188,855 82	161,136 94	32,542 28	8,436 03	13,153 72	46,270 98	82,285 60	93,895 15	277,684 41	292,218 80	138,736 84	155,891 03
		188,855 82		32,542 28		13,153 72		82,265 60		277,684 41		138,738 84
Net Profit for the year, according to the Company's records.....		27,718 88		24,109 25		35,117 26		11,609 55		14,534 39		17,152 19
Surplus at commencement of year.....				27,718 88		51,825 13		86,942 39		98,551 94		113,086 33
Surplus at end of year.....		27,718 88		51,825 13		86,942 39		98,551 94		113,086 33		130,238 52

By Mr. Sommerville:

Q. Are you proposing to deal with these?—A. They are dealt with in the memorandum. I think the important points, so far as the balance sheets are concerned, are the reduction which has taken place in the inventories: the fact that these inventories are valued at cost rather than at a reduction from cost as in the case of the T. Eaton Company Limited; and the very substantial expenditure which was made on improvements to the stores during the period; the total value of the fixed assets less depreciation, increased from \$2,321,031.52 in 1929 to \$3,174,327.91 at 11th January, 1934.

Q. That is an addition of about \$800,000?—A. In addition to which there would be the depreciation which had been written off directly against those assets during the period. In the balance sheet you will see the profit and loss shows an increase in each year, and at the 11th January, 1934, amounts to \$130,238.52.

Q. What statement?—A. Balance sheet statement K-1.

Q. It shows?—A. An increasing surplus in the profit and loss account each year. That, however, is after receiving allowances from the T. Eaton Company. The fact is, as set out on page 4 of the memorandum, in the year 1928, before receiving certain allowances from the T. Eaton Company it showed a loss of \$118,847.29; they received an allowance from the T. Eaton Company of \$146,566.17, and after the allowance it showed a profit of \$27,718.88.

By Mr. Factor:

Q. That is, the whole organization?—A. Yes, so that in each year except 1930 and 1933, a loss was shown before receiving allowances from the T. Eaton Company, the total of the allowances in the five years amounting to \$954,886.01; but after crediting those allowances the total net profits shown were \$130,238.52.

By Mr. Sommerville:

Q. The actual losses on those years' operations without the allowances amounted to \$824,647.49?—A. As shown by its books. In addition to that, the T. Eaton Company met directly certain additional charges applicable to the operation of the Canadian Department Stores which were not recorded in the latter company's books, as set out at the foot of the memorandum, amounting to \$362,572.

By Mr. Kennedy (Peace River):

Q. What would those allowances meet?—A. Well, they met certain of the overhead charges, certain of the repair costs to property, and partly the loss on the operation of the central warehouse by the Canadian Department Stores.

By Mr. Sommerville:

Q. In other words, after acquiring these Canadian Department Stores the operating company—the T. Eaton Company Limited—absorbed first of all a loss of \$500,000 on the purchase price?—A. Yes.

Q. And second, it paid for additional improvements of \$800,000?—A. No, those were met out of the funds of Canadian Department Stores, loaned to them for the purpose by the T. Eaton Company Limited.

Q. Loaned to them?—A. Yes.

Q. Then there have been allowances since then of \$954,000 odd?—A. Yes, which were reflected in the books.

Q. And in turn allowances of \$362,000 odd?—A. Yes.

Q. And that means that they have \$1,800,000 absorbed or allowed to the Canadian Department Stores in the six years in addition to the loan of \$800,000. You have got, first of all, an allowance of \$954,000?—A. Yes.

Q. And that came out of the operating company?—A. Yes.

Q. Out of the merchandising operations of the parent company?—A. Yes.

Q. And then you had an allowance of \$362,000 which came in the same way?—A. Yes.

Q. And then in addition to that the parent company absorbed \$500,000 on the transfer?—A. Yes, part of which was the operating loss of the stores from the date as of which the transfer became effective from the Trustee in Bankruptcy.

Q. Take \$100,000 off for that, that would be \$400,000?—A. No, 1180,000.

Q. All right, \$320,000. Then you have these three amounts: \$320,000 absorbed, \$954,000 allowance and \$362,000 allowance, or a total of \$1,500,000?—A. Roughly.

Q. Contributed by the merchandising company to the operations of Canadian Department Stores?—A. Yes.

By Mr. Young:

Q. If these loans were made out of the profit of the merchandising company were they not also incurred through losses of the C.D.S.

Mr. SOMMERVILLE: This is a separate company.

Mr. YOUNG: Yes, but if the profits were made in the T. Eaton merchandising company and lost in this other company, they were both lost in merchandising, were they not.

Mr. SOMMERVILLE: That is not the point involved just in this question; there is a group of 20 odd stores which are operated separately and one wants to ascertain just what was the relationship between the two and what was the cost to the parent company of this organization.

The WITNESS: I am only trying to indicate what was the result from the operations of Canadian Department Stores during the time that they operated.

By Mr. Sommerville:

Q. In addition to this \$1,500,000 referred to, they loaned the C.D.S. moneys with which to?—A. Finance expansion and improvements.

Q. For expansion and improvements?—A. Yes.

Mr. NASH: I do not think you can add those two.

The WITNESS: The \$950,000 was loaned to cover the operating loss of the C.D.S.; it was allowed to them to cover the operating loss.

By Mr. Kennedy (Winnipeg):

Q. This fact would be clear, would it not, that the C.D.S., where it is operating a merchandising business, operating at a loss, has a parent organization from which to recoup itself, and is competing with, we will say, independent merchants who have no such source from which to draw? Is that right?—A. Yes. We can probably finish this.

By Mr. Sommerville:

Q. Let us very briefly finish with Canadian Department Stores?—A. We do not set out in detail the operations of all the individual stores. Generally speaking, the more profitable units were the maritime units which were in rented premises, and which made substantial profits from year to year. The majority of the other units have shown consistent losses. On page 6 you will see a summary of the initial mark-up.

Q. You say the maritimes showed more profitable operations?—A. Yes.

Q. Have you the details of that?—A. The profit of the maritime units, before supplementary expenses, was: In 1930, \$50,920; in 1931, \$62,676; in 1932, \$27,940 and in 1933, \$72,962.30. These units are generally in rented premises, and their expenses are lower than similar units in Ontario.

Q. Did each of those maritime units contribute to that profit in those years?—A. In most years, yes. Yes, I believe in every one.

Q. In every year?—A. Yes.

By the Acting Chairman (Mr. Kennedy, Winnipeg):

Q. You might show the respective contributions, if it is not too complicated?—A. Yes.

By Mr. Sommerville:

Q. Take last year?—A. In 1933, the Sydney Mines store, \$12,273; the New Waterford store, \$5,557; the Sydney store, \$25,722; the Glace Bay store, \$20,000, and the Campbellton store, \$9,411.

Q. Are there not any in New Brunswick?—A. No.

By the Acting Chairman:

Q. Is there not one in Fredericton and one in Campbellton?—A. Just a minute. Yes, there is a Campbellton store—that was the last one I read to you—but not in Fredericton. In the same year the only Ontario units to show profits were Belleville, Brantford, and Sudbury, all less than \$12,000. Then on page 6, dealing with the Ontario units, we show for each season what was the initial average mark-up on cost, what were the reductions from the initial mark-up—that is in marking goods down, waste and shortages—and the net gross profit. You will see from that that the initial mark-up has not fluctuated much from year to year, but that in certain seasons the reductions from the initial mark-up were very heavy, which was attributed by the company to their methods of buying and merchandising at that time.

Q. The initial mark-up ran from 43·9 to 45·7 between 1929 and 1933?—A. 43·5 was the low.

Q. And then the mark-downs ran from what?—A. 7·7 per cent.

Q. In 1933, to what?—A. 18·4 per cent.

By Mr. Factor:

Q. When was that?—A. 18·4 per cent was in the spring of 1932.

By Mr. Sommerville:

Q. Then the gross profit?—A. There was quite a wide fluctuation in that.

Q. From 33 per cent in 1929 to 27 per cent?—A. It was as low as 23·3 per cent in the spring of 1932 and the high was 34·8 per cent in 1933.

Q. And then all the units?—A. The gross profit of all units was 34·3 per cent in 1929; the low was 26·2 in 1932, and in 1933—the fall season—it was 35·5.

Q. How is the buying done?—A. The buying is done under the supervision of the Toronto mail order office, bought by the individual orders or individual department managers, but to a large extent they shop directly out of the mail order stock. Then there are examples of price spreads statements, which I think we might file, indicating how the orders of the various units are either lumped in one single order and distributed to the various stores, or else single orders are filed from the various stores at about the same day, and all go in under a single buying arrangement. Very frequently the goods are the same as what the mail order has already negotiated a price on, and are really under the buying power of the mail order department.

Q. Who sets the average mark-up for the store to aim at?—A. The manager of the mail order department has, for the last six months or a year, been in charge of the Canadian Department Stores; and since that time they show improved operating results.

Q. Are the selling prices the same in all stores on the same goods?—A. No. They endeavour to have a uniform selling price on those goods which are sold through the mail order catalogue, so that there will be a uniform selling price throughout the company; and also on all branded lines of goods.

Q. By branded lines you mean those that have the Eatons brand?—A. Eatonia brand, Birkdale and various trade names which they use, yes. But

other than that, the department managers or various store managers determine their own prices, having been given an average mark-up to aim at. In the schedules you will see that there is a considerable variation in various articles, as to the prices at which their goods are sold.

Q. Just from your memorandum, you can give us some indication of that, page 9?—A. Yes. It shows, for example, that hosiery purchased from the Saint John Silk Company cost 40 cents a pair, retailed in the various stores from 49 cents to 69 cents; women's gloves purchased from the Austin Glove Company cost \$1.63 per pair and retailed from \$1.95 to \$2.65; women's shoes, purchased from the Eagle Shoe Company, cost \$2.65, and varied from \$3.95 to \$5, and so on.

Q. You have given some examples of large orders placed?—A. Examples of some of the larger orders, on that statement.

By Mr. Factor:

Q. Before you go to that; I want to ask you, how does the percentage of initial mark-up in the Canadian Department Stores compare with other retail stores?—A. For a number of years it was very much higher. The company attributed it to the methods of merchandising and buying at that time. Prior to the last year or so they used the central warehouse to a greater extent, and the buying was done more by single persons, and the stores were told what merchandise they were to sell. They gradually discontinued the use of that warehouse, and I think they also changed their policy by bringing this under the supervision of the mail order department. I think that is responsible.

By Mr. Sommerville:

Q. Then the manager of the local store has a greater choice in the articles he can buy?—A. Yes.

Q. And that accounts for the lower mark-downs now?—A. They attribute it to that.

Q. The mark-down there was 7-7?—A. I think it was due to closer supervision from Toronto. Then I think we may just file these price spread statements, which are just in the same form as in Toronto, except that they show the various stores they were distributed to.

The ACTING CHAIRMAN: You will indicate what you wish filed.

The WITNESS: That is statement K-4. You do not wish me to read that.

Mr. SOMMERVILLE: No, they will be filed.

The ACTING CHAIRMAN: We will adjourn to meet again at 3.30 this afternoon.

The Committee adjourned at 1 o'clock to meet again at 3.30 o'clock p.m. this day.

THE COMMITTEE RESUMED AT 3.30 P.M.

Resuming the examination of GEORGE RICHARDSON.

The CHAIRMAN: Gentlemen, let us proceed.

Mr. HEAPS: Can you give us the time when the first reduction in pay was made by the T. Eaton Company?

The WITNESS: It is set out in that memorandum.

The CHAIRMAN: It is in the record.

The WITNESS: Between August and October, 1931, was the first reduction in the Toronto units.

Mr. HEAPS: I was wondering whether they followed the government at that time or whether the government followed the Eaton Company.

By Mr. Sommerville:

Q. Now, will you deal with the operations of the Toronto mail order division?—A.

THE T. EATON CO. LIMITED

STATEMENT No. J-1

(Toronto Mail Order Division)

COMPARATIVE STATEMENT OF OPERATIONS 30TH JANUARY 1919 TO 11TH JANUARY 1934

Year ended	Sales	Cost of Sales	Gross Profit	Gross Profit Percentage on Cost	Overhead Charges	Workroom Wages	Net Gross Profit	Expenses	Net Profit or Loss
	\$	\$	\$	%	\$	\$	\$	\$	\$
28th January, 1920.....	28,034,374	21,827,169	6,207,205	24.4	.....	.....	6,207,205	5,705,729	501,476
26th January, 1921.....	26,232,800	21,872,409	4,360,481	19.9	.....	.....	4,360,481	5,713,878	1,353,397
25th January, 1922.....	19,029,892	14,450,753	4,579,139	31.7	.....	.....	4,579,139	4,324,426	254,713
23rd January, 1923.....	18,486,746	13,848,786	4,637,960	33.5	.....	.....	4,637,960	3,700,822	937,138
23rd January, 1924.....	21,796,140	16,351,877	5,444,263	33.3	.....	.....	5,444,263	4,076,077	1,368,186
22nd January, 1925.....	22,732,995	16,973,866	5,759,129	33.9	.....	.....	5,759,129	4,253,529	1,505,600
21st January, 1926.....	24,292,728	18,306,800	5,985,928	32.7	.....	18,664	5,967,264	4,526,832	1,440,432
20th January, 1927.....	24,071,233	18,043,953	6,027,270	33.4	.....	39,618	5,987,652	4,631,685	1,355,967
19th January, 1928.....	23,596,314	17,409,691	6,186,623	35.5	.....	38,660	6,147,963	4,789,921	1,358,042
31st January, 1929.....	20,054,040	14,742,372	5,311,658	36.0	.....	41,166	5,270,492	4,389,016	881,476
30th January, 1930.....	16,520,943	12,115,759	4,405,184	36.4	.....	35,819	4,369,365	3,919,656	449,709
29th January, 1931.....	14,598,420	10,571,949	4,026,471	38.1	.....	29,445	3,997,026	3,728,860	268,166
14th January, 1932.....	14,750,085	10,672,643	4,077,442	38.2	24,990	18,694	4,032,758	3,957,139	76,619
12th January, 1933.....	11,821,670	8,265,862	3,555,788	43.0	58,730	12,135	3,484,923	3,146,306	338,617
11th January, 1934.....	11,422,858	7,961,829	3,461,029	43.5	72,299	9,202	3,379,528	2,861,590	517,938

NOTE.—Above figures include Drugs and Patent Medicines sold by the T. Eaton Drug Co. Limited through the Toronto Mail Order Division.
Prior to 1925 Workroom Wages are included in Cost of Sales.

P2	Wash Goods, Cottons, etc.	1,402,495	1,037,760	364,735	35.14	.....	364,735	35.14	16,275	348,460	314,888	33,572
P4	Linens, Bedding	119,115	76,079	43,036	56.56	.....	41,979	55.17	960	41,019	31,211	9,808
R1	Radios, Musical Instruments	724,177	496,601	227,576	45.82	.....	227,576	45.82	5,468	222,108	163,724	58,384
S1	Men's Boots, Shoes	921,106	632,459	288,647	45.63	.....	288,647	45.63	6,487	282,160	219,298	62,862
S2	Women's, Children's Shoes	165,224	106,938	58,286	54.50	.....	58,286	54.50	2,519	55,767	53,661	2,106
T1	Toys, Wheel Goods	383,091	258,408	124,683	48.25	.....	124,683	48.25	3,287	121,396	104,374	17,022
T2	Sporting Goods, Luggage	106,161	82,350	23,811	28.91	.....	23,811	28.91	1,165	22,646	23,162	516
T4	Motor Tires, Bicycles	.....	8,007	8,007	.....	.....	8,007	.....	8	7,999	7,508	491
T5	Workroom for T4	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	Totals	11,168,356	7,765,103	3,403,253	43.8	.....	3,394,051	43.7	93,906	3,300,145	2,801,900	498,245
D1	Drugs and Patent Medicines	254,502	173,204	81,298	46.9	.....	81,298	46.9	1,915	79,383	59,690	19,693
	Totals	11,422,858	7,938,307	3,484,551	43.8	.....	3,475,349	43.7	95,821	3,379,528	2,861,590	517,938

THE T. EATON CO. LIMITED
Toronto Mail Order Division
DEPARTMENT M-1—MEN'S AND BOYS' FURNISHINGS

STATEMENT No. BB-8

Examples of Price Spreads on Merchandise Advertised in the Fall and Winter and Mid-winter Sales Catalogues 1933-1934

Description	Date of order	Examples of shipments					Mark-up of advertised selling price over cost	
		Total amount of order	Unit invoice price	Sales Tax at 6 p.c.	Total unit cost	Advertised selling price	Amount	Percentage
		\$ cts.	\$ cts.	cts.	\$ cts.	\$ cts.	\$ cts.	%
Broadcloth Shirts.....	June 19, 1933	2,227.20	0.58	0.03	0.61	0.95	0.34	55.7
Mottled Fleece Underwear.....	Mar. 6, 1933	2,310.00	0.77	0.05	0.82	{ 2 for 2.45	0.43	52.4
All Wool Heavy Combinations.....	Mar. 7, 1933	2,808.00	1.17	0.07	1.24	1.85	0.81	49.4
Nu-cut Fleece-lined Combinations.....	Mar. 7, 1933	1,180.00	0.82	0.05	0.87	1.29	0.42	49.2
Boys' Tweed Shirts.....	April 24, 1933	871.20	0.44	0.03	0.47	0.69	0.22	46.8
Mottled Fleece Shirts and Drawers.....	Mar. 6, 1933	2,877.60	0.44	0.03	0.47	0.69	0.22	46.8
Cotton Tweed Shirts.....	Sept. 25, 1933	2,268.00	0.63	0.04	0.67	{ 2 for 1.95	0.31	46.3
Sweater Coat.....	Mar. 1, 1933	1,161.00	1.29	0.08	1.37	2.00	0.61	45.5
Boys' Zipper Sweater Shirts.....	Oct. 10, 1933	696.00	0.58	0.03	0.61	0.89	0.28	45.9
All Wool V neck Sweaters.....	Oct. 11, 1933	1,245.00	0.83	0.05	0.88	1.27	0.39	44.3
Men's Zipper Sweater Shirts.....	Oct. 23, 1933	551.88	0.73	0.04	0.77	1.10	0.33	42.9
Boys' Mottled Fleece-lined Combinations.....	Oct. 3, 1933	2,442.00	0.55	0.03	0.58	2 for 1.65	0.49	42.3
Cotton Broadcloth Shirts.....	Dec. 6, 1933	3,528.00	0.42	0.03	0.45	2 for 1.25	0.35	38.9
Varsity Stitch Sweaters.....	May 12, 1933	583.30	0.44	0.03	0.47	2 for 1.25	0.31	33.0
Sweater Coat.....	May 10, 1933	786.00	1.39	0.08	1.47	2.00	0.53	36.1
Two-piece Shirt and Drawers.....	Oct. 10, 1933	972.00	1.31	0.08	1.39	1.89	0.50	36.0
Fleece-lined Underwear.....	Oct. 10, 1933	1,350.00	0.45	0.03	0.48	0.65	0.17	35.4
Dark Grey Cotton Tweed Work Shirt.....	Dec. 6, 1933	1,296.00	0.54	0.03	0.57	{ 2 for 1.45	0.18	31.6
Fleece-lined Combinations.....	Mar. 11, 1933	2,484.00	0.69	0.04	0.73	0.95	0.22	27.2
Plain Cotton Broadcloth Shirts.....	June 26, 1933	4,800.00	0.40	0.02	0.42	{ 2 for 1.00	0.13	30.1
All Wool Shirts.....	Nov. 6, 1933	1,293.60	0.77	Included	0.77	0.95	0.16	31.0
All Wool Drawers.....	Nov. 6, 1933	1,016.40	0.77	Included	0.77	0.95	0.18	19.0
						0.95	0.18	23.4
						0.95	0.18	23.4

PURCHASES FROM THE T. EATON CO. LIMITED FACTORIES

Toronto Factory—Department F-3—Broadcloth Shirts.....	Mar. 24, 1933	1,653.60	0.65	0.04	0.69	0.95	0.26	37.7
St. John Factory—Department F-41—Dark Grey Cotton Tweed Work Shirts.....	Oct. 11, 1933	3,240.00	0.54	0.03	0.57	{ 2 for 1.45	0.18	31.6
							0.31	27.2
Total.....		43,641.58						

GENERAL NOTE.—For the year ended 11th January 1934 the gross profit of this department as a whole after write-downs, shortages, etc., was 39.9 per cent on cost.

THE T. EATON CO. LIMITED

Toronto Mail Order Division

DEPARTMENTS P1, P2, AND P4—PIECE GOODS

Examples of Price Spreads on Merchandise Advertised in Fall and Winter and Mid-winter Sales Catalogues 1933-1934

PRICE SPREADS AND MASS BUYING

3389

Description	Date of order	Examples of shipment					Mark-up of advertised selling price over cost	
		Total amount of order	Unit invoice price	Sales Tax at 6 p.c.	Total unit cost	Advertised selling price	Amount	Percentage
		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.		
Flannelette.	May 11, 1933	1,650.00	0.11	0.00 7/10	0.11 7/10	{ 0.20 { 0.19½ (10 yds. for \$1.95)	0.08 3/10 0.07 4/5	70.9 66.6
Polo, all wool.....	May 4, 1933	1,125.00	0.75	0.04½	0.79½	1.35	0.55½	69.8
Flannelette.....	May 11, 1933	2,925.00	0.09½	0.00 3/5	0.10 7/20	{ 0.17 { 0.16½ (10 yds. for \$1.65)	0.06 13/20 0.06 3/20	62.1 57.5
Woollette.....	May 9, 1933	3,696.00	0.16	0.01	0.17	{ 0.26 { 0.25	0.09 0.08	52.9 47.1
Cotton Flannel.....	Mar. 13, 1933	560.88 (5.7/16 d. at 5.03)	0.11 2/5†	0.05 1/5	0.16 3/5	0.25	0.08 2/5	50.6
Unbleached Sheeting.....	May 5, 1933	2,002.50	0.22½	0.01½	0.23½	0.35	0.11½	48.9
Blankets, gray wool.....	June 28, 1933	1,025.00	2.05 pr.	0.12	2.17	3.15	0.98	45.2
Blanket Velour.....	May 18, 1933	975.00	0.65	0.04	0.69	1.00	0.31	44.9
Factory Cotton.....	April 28, 1933	3,900.00	0.06½	0.00 2/5	0.06 9/10	0.10	0.03 1/10	44.9
Crepe Silk.....	Nov. 6, 1933	1,539.00	0.45	0.03	0.48	0.69	0.21	43.7
Bed Spread.....	May 4, 1933	2,600.00	1.30	0.08	1.38	1.98	0.60	43.5
Palmerston Print.....	April 22, 1933	1,842.00	0.10	0.00 3/5	0.10 3/5	{ 0.13 { 0.12½ (10 yds. for \$1.25)	0.04 2/5 0.03 7/10 0.03 2/10	41.5 39.8 34.4
Broadcloth Cotton.....	Sept. 9, 1933	5,970.25 (3 d. at 5.21)	0.06½†	0.02 4/5	0.09 3/10			
Towels.....	July 3, 1933	1,650.00	0.13½	0.00½	0.14½	0.20	0.05½	37.9
Blankets, Flannelette.....	April 25, 1933	11,900.00	0.70	0.04	0.74	1.00	0.26	35.1
" ".....	Nov. 8, 1933	17,135.41	0.90½†	0.47½	1.38½	1.85	0.46½	33.5*
" ".....	April 25, 1933	1,572.00	1.20 pr.	0.07	1.27	1.69	0.42	33.1
" ".....	April 25, 1933	1,728.00	1.44 pr.	0.08	1.52	1.98	0.46	30.3
Checked Blankets.....	Oct. 25, 1933	1,150.00	1.15	0.07	1.22	1.59	0.37	30.3

THE T. EATON CO. LIMITED
Toronto Mail Order Division
DEPARTMENT M-1—MEN'S AND BOYS' FURNISHINGS

Examples of Price Spreads on Merchandise Advertised in the Fall and Winter and Mid-Winter Sales Catalogues 1933-1934—*Concluded*

Description	Date of order	Examples of shipment					Mark-up of advertised selling price over cost	
		Total amount of order	Unit invoice price	Sales Tax at 6 p.c.	Total unit cost	Advertised selling price	Amount	Percentage
		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%
Broadcloth.....	June 1, 1933	5,850 00 (3 d.)	0.06½†	0.02½	0.09¼	0.12	0.02¾	29.7
Wool Comforter.....	April 27, 1933	1,522 50	2 90	0.17	3.07	3.98	0.91	29.6
Factory Cotton.....	Aug. 30, 1933	1,630.00 (2½ d. at 5.21)	0.05 2/5†	0.02 2/5	0.07 4/5	0.10	0.02 1/5	28.2
Blankets, Flannellette.....	April 25, 1933	7,200.00	1 60 pr.	0 10	1.70	2.10	0.40	23.5
Flannelette.....	June 1, 1933	7,200.00 (2½ d. at 5.18½)	0.06†	0.03	0.09	{ 0.10 0.09 4/5 (10 yds. for 98c.)	{ 0.01 0.00 4/5	{ 11.1 8.9
"	June 16, 1933	15,504.96 (2½ d. at 5.12)	0.06 1/5†	0.03 1/20	0.09¼	0.10	0.00¾	8.1
		103843.50						

*Invoice shown in yards only. Price arrived at by dividing into blankets 108 in. long and allowing 2½c. per blanket for making.

†Freight, duty and taxes.

GENERAL NOTE.—For the year ended 11th January 1934 the gross profit of these departments as a whole after write-downs, shortages, etc., was 33.1 p.c. on cost

THE T. EATON CO. LIMITED
Toronto Mail Order Division

STATEMENT BB-13

DEPARTMENT S 2—WOMEN'S AND CHILDREN'S SHOES

Examples of Price Spreads on Merchandise advertised in the Fall and Winter and Mid-Winter Sale Catalogues 1933-34

Description	Date of order	Examples of shipments						Mark-up of advertised selling price over cost	
		Total amount of order	Unit invoice price		Sales Tax at 6 p.c.	Total unit cost	Advertised selling price		
			\$	cts.			\$	cts.	Amount	Percentage
B'ack Calfskin Shoe.....	Aug. 29, 1933	\$ 717.75	1.45	0.09	1.54	2.65	\$ 1.11	% 72.1	
Brogue Oxford.....	May 26, 1933	1,725.00	1.15	0.07	1.22	1.98	0.76	62.3	
Calf Walking Shoes.....	May 26, 1933	345.00	1.15	0.07	1.22	1.98	0.76	62.3	
Black Calf Shoes.....	May 23, 1933	384.00	1.60	0.10	1.70	2.75	1.05	61.8	
Soft Boudoir Slippers.....	May 30, 1933	510.00	0.42 ¹	0.02 ¹	0.45	0.69	0.24	53.3	
Black Kid Slippers.....	Sept. 20, 1933	41.40	0.92	0.06	0.98	1.50	0.52	53.0	
Black Kid, Dr. McCann E.....	May 18, 1933	333.00	1.85	0.11	1.96	2.98	1.02	52.0	
Black Kid, Dr. McCann F.E.....	May 18, 1933	444.00	1.85	0.11	1.96	2.98	1.02	52.0	
Calfskin Shoes.....	May 26, 1933	300.00	1.25	0.07	1.32	2.00	0.68	51.5	
Black Kid Shoes.....	June 24, 1933	336.00	1.12	0.07	1.19	1.79	0.60	50.4	
Black Pumps.....	May 26, 1933	450.00	1.25	0.07	1.32	1.98	0.66	50.0	
Brown Calf Shoes.....	May 26, 1933	300.00	1.25	0.07	1.32	1.98	0.66	50.0	
Black Oxfords.....	May 15, 1933	300.00	1.25	0.07	1.32	1.98	0.66	50.0	
Brown Calf Shoes.....	May 25, 1933	300.00	1.25	0.07	1.32	1.98	0.66	50.0	
Black Calf Shoes.....	May 25, 1933	375.00	1.25	0.07	1.32	1.98	0.66	50.0	
Felt Boots.....	May 31, 1933	750.00	1.25	0.07	1.32	1.98	0.66	50.0	
Brown Walking Boots.....	May 29, 1933	342.00	1.90	0.11	2.01	3.00	0.99	49.2	
Fur Trimmed Julietts.....	June 3, 1933	2,223.00	0.57	0.03	0.60	0.89	0.29	48.3	
Rainette Rubber Overshoes.....	June 1, 1933	618.00	1.03	(Included)	1.03	1.49	0.46	44.6	
Black Calfskin Oxfords.....	Oct. 17, 1933	1,370.00	1.10	0.07	1.17	1.69	0.52	44.4	
Black Calfskin Oxfords.....	Oct. 17, 1933	660.00	1.10	0.07	1.17	1.69	0.52	44.4	
Black Calfskin Oxfords.....	Oct. 17, 1933	1,370.00	1.10	0.07	1.17	1.69	0.52	44.4	
Cameo Sport Oxfords.....	May 30, 1933	780.00	1.30	0.08	1.38	1.98	0.60	43.5	
Black Calf Oxfords.....	May 6, 1933	312.00	1.30	0.08	1.38	1.98	0.60	43.5	
Black Work Boots.....	June 58, 1933	2,340.00	1.30	0.08	1.38	1.98	0.60	43.5	
Wool Jersey Overshoes.....	May 31, 1933	702.40	1.68	(Included)	1.68	2.35	0.67	39.9	
Velvet Motor Boots.....	June 1, 1933	849.00	2.37	(Included)	2.37	3.25	0.88	37.1	
Black Gum Rubber Boots.....	June 1, 1933	360.00	1.0	(Included)	1.0	1.59	0.39	32.5	
Black Wool Jersey Boots.....	Oct. 31, 1933	547.20	2.8	(Included)	2.8	2.99	0.71	31.1	
Rubber Overshoes.....	June 1, 1933	519.12	1.03	(Included)	1.03	1.35	0.32	31.0	
Black Oxfords.....	Oct. 30, 1933	1,000.00	0.50	0.03	0.53	0.69	0.16	30.2	
Rubber Overshoes.....	Oct. 31, 1933	679.80	1.03	(Included)	1.03	1.33	0.30	29.1	
		\$ 21,784.27							

GENERAL NOTE.—For the year ended 11th January 1934 the gross profit of this department as a whole, after write-downs, shortages, etc., and before workroom wages, was 44.2% on cost.

THE T. EATON CO. LIMITED

MAIL ORDER DIVISION—DEPARTMENT T4—TIRES AND BICYCLES—COMPARATIVE STATEMENT OF PRICE SPREADS ON CERTAIN POPULAR SIZES OF EATON'S BRANDED TIRES
FOR THE CATALOGUE YEAR 1933 AND 1934 UP TO 24TH MAY

STATEMENT No. BB-20

Brand	Size	1933					1934 (to 24th May)					Quantity Sold	
		Unit Invoice Price including taxes less all discounts	Unit Laid-down cost including freight	Advertised Catalogue Selling Price	Unit Gross Profit	Gross profit percentage on cost	Quantity sold	Unit Invoice Price including taxes less all discounts	Unit Laid-down Cost including freight	Advertised Catalogue Selling Price	Unit Gross Profit		Gross Profit percentage on Cost
Toronto													
Bulldog...	30 x 3½	\$ 3.31	\$ 3.36	\$ 5.95	\$ 2.59	77.1	129	\$ 3.46	\$ 3.50	\$ 4.40	\$ 0.90	25.7	561
Bulldog...	4.40/21	4.94	4.99	7.25	2.26	45.3	46	5.09	5.14	6.25	1.11	21.6	48
Bulldog...	4.50/21	5.51	5.56	8.10	2.54	45.7	47	5.65	5.71	6.95	1.24	21.7	62
Bulldog...	4.75/19	6.10	6.15	8.95	2.80	45.5	24	6.23	6.31	7.75	1.44	22.8	40
Eatonia...	30 x 3½	3.03	3.08	4.75	1.67	54.2	246	3.25	3.29	3.95	0.66	20.1	359
Eatonia...	4.40/21	4.18	4.23	6.15	1.92	45.4	234	4.36	4.41	5.30	0.89	20.2	171
Eatonia...	4.50/21	4.66	4.71	6.85	2.14	45.4	220	4.85	4.92	5.90	0.98	19.9	161
Eatonia...	4.75/19	5.18	5.23	7.60	2.37	45.3	74	5.35	5.42	6.50	1.08	19.9	79
Trojan...	30 x 3½	2.79	2.84	4.10	1.26	44.4	362	3.07	3.11	3.75	0.64	20.6	465
Trojan...	4.40/21	3.81	3.86	5.75	1.89	49.0	119	3.77	3.81	4.39	0.58	15.2	687
Trojan...	4.50/21	4.25	4.30	6.40	2.10	48.8	49	4.22	4.27	4.95	0.68	15.9	327
Trojan...	4.75/19	4.67	4.72	7.00	2.28	48.3	20	4.70	4.77	5.50	0.73	15.3	144
Moncton													
Bulldog...	30 x 3½	\$ 3.31	\$ 3.52	\$ 5.95	\$ 2.43	69.0	41	\$ 3.46	\$ 3.66	\$ 4.55	\$ 0.89	24.3	No figures available
Bulldog...	4.40/21	4.94	5.15	7.25	2.10	40.7	8	5.10	5.29	6.40	1.11	21.0	
Bulldog...	4.50/21	5.51	5.82	8.10	2.28	39.2	14	5.66	5.89	7.10	1.21	20.5	
Bulldog...	4.75/19	6.10	6.31	8.95	2.64	41.8	15	6.24	6.47	7.90	1.43	22.1	
Eatonia...	30 x 3½	3.03	3.24	4.75	1.51	46.6	52	3.25	3.45	4.00	0.55	15.9	
Eatonia...	4.40/21	4.18	4.39	6.15	1.76	40.1	79	4.37	4.57	5.45	0.88	19.3	
Eatonia...	4.50/21	4.66	4.89	6.85	1.96	40.1	94	4.86	5.08	6.10	1.02	20.1	
Eatonia...	4.75/19	5.18	5.39	7.60	2.21	41.0	83	5.36	5.58	6.65	1.07	19.2	
Trojan...	30 x 3½	2.79	3.00	4.10	1.10	36.7	114	3.07	3.27	3.85	0.58	17.7	
Trojan...	4.40/21	3.81	4.02	5.75	1.73	43.0	119	3.77	3.97	4.55	0.58	14.6	
Trojan...	4.50/21	4.25	4.46	6.40	1.94	43.5	49	4.22	4.43	5.10	0.67	15.1	
Trojan...	4.75/19	4.67	4.88	7.00	2.12	43.4	20	4.70	4.93	5.65	0.72	14.6	

Statement No. BB 21-A

THE T. EATON CO. LIMITED

Toronto Mail Order Division—Tires and Bicycles, Department T.4

COMPARATIVE OPERATING STATEMENT FOR THE YEARS 1929 TO 1933

	1929	1930	1931	1932	1933
	\$	\$	\$	\$	\$
Sales.....	331,996	312,898	280,117	169,226	106,161
Inventory at beginning of year at estimated value..	13,046	19,191	20,091	16,057	12,598
Purchases at Cost (including freight, duty, exchange, travelling expense, advertising, "Adds" and Sales Tax less discounts received and transfers to Canadian Department Stores, etc.)	285,547	251,022	223,234	124,609	85,609
	298,593	270,213	243,325	140,666	98,207
Less: Inventory at end of year at estimated value..	19,191	20,091	16,057	12,598	14,692
Cost of Goods Sold.....	279,402	250,122	227,268	128,068	83,515
Gross Profit.....	52,594	62,776	52,849	41,158	22,646
	%	%	%	%	%
Gross Profit Percentage on Cost.....	18.82	25.10	23.25	32.13	27.11
	\$	\$	\$	\$	\$
Departmental Expense.....	47,677	52,552	53,011	36,354	23,162
Net Profit or Loss for year.....	4,917	10,224	162	4,804	516

Statement No. BB-21b

THE T. EATON CO. LIMITED

Moncton Mail Order Division—Tires and Bicycles Department

COMPARATIVE OPERATING STATEMENT FOR THE YEARS 1929 TO 1933

	1929	1930	1931	1932	1933
	\$	\$	\$	\$	\$
Sales.....	125,088	108,688	80,179	54,593	39,953
Inventory at beginning of year at estimated value..	9,623	16,725	8,392	6,426	3,018
Purchases at Cost (including freight, duty, exchange, travelling expenses, advertising "Adds" and Sales Tax less discounts received and transfers to Canadian Department Stores, etc.)	114,988	79,769	63,376	37,875	31,569
	124,611	96,494	71,768	44,301	34,587
Less: Inventory at end of year at estimated value..	16,725	8,392	6,426	3,018	2,463
Cost of Goods Sold.....	107,886	88,102	65,342	41,283	32,124
Gross Profit.....	17,202	20,586	14,837	13,310	7,829
	%	%	%	%	%
Gross Profit Percentage on Cost.....	15.94	23.37	22.70	32.24	24.37
	\$	\$	\$	\$	\$
Departmental Expense.....	19,693	20,447	16,469	12,124	7,972
Net Profit or Loss for year.....	2,491	139	1,632	1,186	143

THE T. EATON CO. LIMITED

Toronto Mail Order Division

SCHEDULE OF LAID DOWN COSTS AND SELLING PRICES OF EATON'S SPECIAL BRAND TIRES AND DOMINION RUBBER COMPANY BRAND TIRES IN ONTARIO AND THE MARITIMES—FOR THE YEAR ENDED 31ST DECEMBER 1933

—	Eaton's Branded Tires				Dominion Rubber Company Branded Tires			
	Laid Down Cost to The T. Eaton Co. Limited (Less all discounts, as per Statement BB-20)		Catalogue Selling Price		Dealer's Laid Down Cost (As described below*)		Consumer's List Price	
	Ontario	Maritimes	Ontario	Maritimes	Ontario	Maritimes	Ontario	Maritimes
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
First Grade—								
30 x 3½.....	3.36	3.52	5.95	5.95				
4.40/21.....	4.99	5.15	7.25	7.25	6.31	6.60	8.84	8.85
4.50/21.....	5.56	5.82	8.10	8.10	7.03	7.35	9.86	9.87
4.75/19.....	6.15	6.31	8.95	8.95	7.76	8.11	10.88	10.89
Second Grade—								
30 x 3½.....	3.08	3.24	4.75	4.75	3.72	3.89	5.19	5.19
4.40/21.....	4.23	4.39	6.15	6.15	5.43	5.62	7.59	7.60
4.50/21.....	4.71	4.89	6.85	6.85	6.05	6.32	8.46	8.47
4.75/19.....	5.23	5.39	7.60	7.60	6.67	6.97	9.33	9.34
Third Grade—								
30 x 3½.....	2.84	3.00	4.10	4.10	3.29	3.48	4.33	4.64
4.40/21.....	3.86	4.02	5.75	5.75	4.33	4.83	5.85	6.45
4.50/21.....	4.30	4.46	6.40	6.40	4.84	5.40	6.55	7.22
4.75/19.....	4.72	4.88	7.00	7.00	5.39	5.94	7.30	7.94

*Dealer's laid down cost of Dominion Rubber Company branded tires has been estimated as follows:

(1) Ontario Dealers.—Consumer's list price which includes Sales Tax less 20 p.c. Trade Discount, 2 p.c. Cash Discount and volume bonus (taken as 10 p.c.) plus excise taxes. In the case of the Third Grade tire the consumer's list price, and the percentage discount therefrom to dealer's varied during the year. The dealer's laid down cost for this Grade is the average for the year as obtained from officials of the Dominion Rubber Company and the consumer's list price for this grade has been estimated on the basis of this average dealer's cost.

(2) Maritime Dealers.—Same basis as above with volume bonus taken as 5.82 p.c. Consumer's list price of the Third Grade tire and the dealer's discount therefrom remained the same throughout the year.

THE T. EATON CO. LIMITED

Toronto Mail Order Division

SCHEDULE OF LAID DOWN COSTS AND SELLING PRICES OF EATON'S SPECIAL BRAND TIRES AND DOMINION RUBBER COMPANY BRAND TIRES IN ONTARIO AND THE MARITIMES—FOR THE FOUR MONTHS ENDED 30TH APRIL 1934

—	Eaton's Branded Tires				Dominion Rubber Company Branded Tires			
	Laid Down Cost to The T. Eaton Co. Limited (Less all discounts, as per Statement BB-207)		Catalogue Selling Price		Dealer's Laid Down Cost (As described below*)		Consumer's List Price	
	Ontario	Maritimes	Ontario	Maritimes	Ontario	Maritimes	Ontario	Maritimes
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
First Grade—								
30 x 3½	3.50	3.66	4.40	4.55				
4.40/21.....	5.14	5.29	6.25	6.40	6.31	6.55	8.84	8.85
4.50/21.....	5.71	5.89	6.95	7.10	7.03	7.30	9.86	9.87
4.75/19.....	6.31	6.47	7.75	7.90	7.76	8.04	10.88	10.89
Second Grade—								
30 x 3½	3.29	3.45	3.95	4.00	3.72	3.85	5.19	5.19
4.40/21.....	4.41	4.57	5.30	5.45	5.43	5.63	7.59	7.60
4.50/21.....	4.92	5.08	5.90	6.10	6.05	6.28	8.46	8.47
4.75/19.....	5.42	5.58	6.50	6.65	6.67	6.91	9.33	9.34
Third Grade—								
30 x 3½	3.11	3.27	3.75	3.85	3.16	3.45	4.39	4.64
4.40/21.....	3.81	3.97	4.39	4.55	3.99	4.79	5.54	6.45
4.50/21.....	4.27	4.43	4.95	5.10	4.46	5.36	6.21	7.22
4.75/19.....	4.77	4.93	5.50	5.65	5.01	5.89	6.98	7.94

*Dealer's laid down cost of Dominion Rubber Company branded tires has been estimated as follows:

(1) Ontario Dealers.—Consumer's list price which includes Sales Tax less 20 p.c. Trade Discount, 2 p.c. Cash Discount and Volume bonus (taken as 10 p.c.) plus excise taxes.

(2) Maritime Dealers.—Same basis as above with volume bonus taken as 6.66 p.c. Consumer's list price of the Third Grade tire and the dealer's discount therefrom remained the same throughout the year to date.

The first statement is statement J-1, Toronto. This shows the comparative operating statement for the years 1920 to 1935 in toto showing the sales, gross profits percentage, gross profits on cost, net gross profit and expenses and the net profit or loss of the department for each year. It shows the sales for the year ended 28th January, 1920, were \$28,034,374. They declined to \$19,029,892 in 1922, and to \$18,486,746 in 1923 and then increased until 1927 when they were \$24,071,223. The peak ended 21st January, 1926, \$24,292,728. Since then there has been a decline in each year except the year ended 14th January, 1932, when there was a small increase and for the year ended 11th January, 1934, the sales were \$11,422,858. The gross profits in those years as a percentage on cost before deducting workroom wages, which are not large were 24.4 per cent; 19.9 per cent; 31.7 per cent; 33.5 per cent; 33.3 per cent; 33.9 per cent; 32.7 per cent.

Q. That is in 1926—they were 32.7 per cent?—A. Yes; and they have steadily climbed since then—for the year ended January, 1927, 33.4 per cent; for the year ended January, 1928, 35.5 per cent; for the year ended January, 1929, 36 per cent; for the year ended January, 1930, 36.4 per cent; for the year ended January, 1931, 38.1 per cent; for the year ended January, 1932, 38.2 per cent; for the year ended January, 1933, 43 per cent; for the year ended January, 1934, 43.5 per cent.

Q. That is an increase of 11 per cent—approximately 11 per cent?—A. From 1926.

Q. That would be represented by the gross increased mark-up?—A. The maintained mark-up. The net profit or loss is shown in the last column. There is a loss in the year 1921 of \$1,353,397. That is the year ended January, 1921, and a small profit in 1922. In 1923 there is a profit of \$937,138. For the year ended January, 1924, there is a profit of \$1,368,186. For January, 1925, there is a profit of \$1,505,600. For the year ended January, 1926, there is a profit of \$1,440,432. For the year ending January, 1927, there is a profit of \$1,355,967; January, 1928, profit, \$1,358,042; January, 1929, profit, \$881,476; January, 1930, profit, \$449,709; January, 1931, profit, \$268,166; January, 1932, profit, \$76,619; January, 1933, profit, \$338,617; January, 1934, \$517,938.

Q. The operations of those departments have been profitable in every year except one in the last fourteen years?—A. Yes.

Q. These net profits are arrived at after deducting the expenses which include the interest charge which has been referred to?—A. Interest on stock and rent on the same basis as the Toronto stores. The profits have been increasing in the last year. They are the largest since 1929, but still very much smaller than they were in the years 1924, 1925 and 1926.

By Mr. Young:

Q. This department does not seem to have thrived in the good years 1927, 1928 and 1929 like the other departments?—A. As you will see, the mail order business was declining after 1927.

Mr. FACTOR: We had complaints when this investigation started from the retail merchants about competition with the mail order business. This table is somewhat of a revelation to me; it shows a substantial decline in the mail order business in this store as well as the other departmental stores.

The CHAIRMAN: Yes, Mr. Factor, but should not we consider that in conjunction with the Canadian Store System which they control and their expansion in other activities like these order offices and so on, which, in a measure, are substitutes for the mail order business?

Mr. FACTOR: Yes, but the mail order business, per se is declining continuously—there is a substantial decline.

Mr. SOMMERVILLE: That is the Toronto mail order.

Mr. YOUNG: You must not forget that those who were making the complaints could never tell us how much their own business had declined in the same time.

Mr. SOMMERVILLE: The most serious complaints were from Prince Edward Island and from the west.

Mr. YOUNG: The retail merchants came to complain that they lose their business to the mail order and Canadian Stores and could never tell us how much their business had declined. We asked that of them all, and none of them knew.

The WITNESS: As far as order offices are concerned, the business done by order offices for the mail order department is included in here, but where the order offices sell the goods to the stores, as they do to some extent, that would not be included.

The CHAIRMAN: Nor would the Canadian Stores be reflected?

The WITNESS: No. The Canadian Department Stores were existing businesses which had been established for some time.

Mr. FACTOR: Could you tell me the volume of business done by the Canadian Department Stores in the year ended January 11, 1934?

The WITNESS: I think the total was about \$6,000,000,—approximately \$6,000,000.

Mr. YOUNG: How much business were those stores doing before Eaton took them over?

The WITNESS: I could not tell you.

The CHAIRMAN: They were bankrupt anyway.

Mr. YOUNG: They may have been doing business.

The WITNESS: They were existing businesses, mostly in Ontario cities, which had been conducted for quite a number of years and had been brought out by a company which sold stock to the public, and which went bankrupt within about a year of commencement.

By Mr. Factor:

Q. And if Eatons had not taken them over somebody else would have taken them over.

By Mr. Kennedy (Peace River):

Q. Would this decline in the mail order business be affected by the opening of the mail orders in the other parts of the country?—A. I could not say to what extent.

By Mr. Ilsley:

Q. You do not know whether the opening up of retail outlets by Eatons is the cause or the effect of the decline in the mail order business, do you?—A. No. I think, naturally, part of the decline would represent reduced prices. I think it is likely that increased transportation facilities during the last ten years might affect the mail order business.

Q. Simpson's figures, as I remember them, show a 50 per cent decline in the volume of mail order business between 1920 and 1933. This is greater—this is over 60 per cent, is it not from \$28,000,000 to \$11,000,000?—A. You are speaking of the year 1920 when prices were very high. If you take the years 1924, 1925 and 1926 you will find the sales running from \$21,000,000 to \$24,000,000.

By Mr. Heaps:

Q. The Canadian Department Stores, which is a subsidiary of Eatons, did not open until 1926; is not that the explanation?—A. No, these stores were doing business in the cities before.

Q. Has there been any increase since they were taken over by the Eaton company from what it was prior to their being taken over?—A. I do not know what the volume was before they were taken over.

Mr. KENNEDY (*Peace River*): A large part of the decline would be accounted for by the drop in prices.

The WITNESS: I think a considerable amount.

Mr. YOUNG: A very large percentage of the farmers are not buying any more. They are not selling to the farmers, because they cannot buy.

Mr. FACTOR: Have you a record of the number of transactions in the mail order department?

The WITNESS: No.

Mr. SOMMERVILLE: There was a statement of that kind given earlier.

Mr. GORDON: Statement I-3.

Mr. FACTOR: Have you a comparative figure for 1927 and 1933?

Mr. GORDON: Yes; in 1924 the number of transactions was 11,773,000.

The CHAIRMAN: Where?

Mr. GORDON: The Toronto mail order, and they have increased to 1929, when the number of transactions was 13,585,000.

Mr. FACTOR: What were they in 1933?

Mr. GORDON: In 1933 they were 9,034,000. The amount of the average sale has declined steadily since 1924.

Mr. SOMMERVILLE: The amount in 1924 was—

Mr. GORDON: \$19.30.

Mr. SOMMERVILLE: What was it in 1929?

Mr. GORDON: In 1929 it was \$1.79; in 1933, it was \$1.26.

The WITNESS: Item J-2 shows the details of the expenses year by year of the mail order division; it may not be printed. You see the largest expense is the catalogue expense, which in the last year was \$706,473, and there is a statement being filed showing the makeup of the catalogue expenses.

Mr. HEAPS: What was that of the percentage of sales?

The WITNESS: Roughly a quarter of the total expense of the business.

Mr. FACTOR: Seven to eleven.

Mr. SOMMERVILLE: 6·7 per cent.

The WITNESS: About 6½ per cent on sales.

By Mr. Ilsley:

Q. Is there any way you can make up the cost of the corresponding services in the ordinary retail stores of the T. Eaton Company, services that correspond to services rendered by catalogue?

Mr. SOMMERVILLE: I do not think we were able to.

Mr. GORDON: Statement I-4 shows comparison of the business of the Toronto store, and the Toronto mail order; the catalogue expenses amounted to, in the mail order, 6·2 per cent. The actual advertising of the Toronto store was 3·8 per cent, but there would be other items that should be added to the advertising to correspond with the catalogue.

Mr. YOUNG: In the Toronto store you have the advertising, the display, and the clerks; against that you would have the catalogue and the warehousemen who parcel the goods.

The WITNESS: Yes.

Mr. GORDON: Then you would have the cost of the buildings in Toronto, which would have to be taken into consideration.

The WITNESS: In total the expenses of the Toronto mail order department for the last year were 25·9 per cent on the cost, and the Toronto store expenses amounted to a percentage of 31·4 per cent on sales. The Toronto store expenses are higher than the Winnipeg store expenses for example, slightly higher than the Winnipeg store expenses, which are exactly 25 per cent and the Montreal, which are 29·1 per cent.

By Mr. Ilsley:

Q. What is the comparison between the mail order and other expenses in Winnipeg?—A. The Winnipeg mail order expenses are 24·3 per cent; Winnipeg store expenses 25 per cent.

Q. Is there any other place in the Dominion where you can make a comparison?—A. We have not the Moncton mail order figures here.

Q. It might indicate, if anything, the mail order was the cheaper way of merchandising?—A. Yes.

Q. But not the most effective, because the other has overtaken it. Mail order is going down, and the other is going up?—A. Expenses have been lower in this company on the mail order distribution. Statement J-3 shows the operating results on each of the various departments in the mail order business; indicates the sales and the various elements of cost, and the net profit or loss is shown on the last column. There were profits in every department except two; loss on those two departments being very nominal.

The CHAIRMAN: \$8.

The WITNESS: \$8 in one case, and \$516 in the other. On statement J-4 is shown the details of the expenses charged to each of the operating departments. Statement J-5 shows the details of the catalogue expenses, and also the details of the sundry and general expenses shown on the other statements. We also have for the purpose, statement J-6, which shows the number of catalogues issued each year from 1929 to 1933. The number of catalogues issued in the last two years is less than what it was in 1929 and 1930, in spite of the fact that in the meantime they took over part of the Quebec territory which had previously been handled from Montreal; but the number of the smaller books which are issued from time to time for various sales, has been increased.

By Mr. Young:

Q. You say it is the semi-annual catalogue that has fallen off?—A. Yes, the semi-annual catalogue. The price spreads statement will be found on statements BB-1, BB-2, BB-3, etc., and with them are shown the comparative operating results of a number of the departments, not all of them, women and children's underwear.

By Mr. Sommerville:

Q. It shows the series of the items that are referred to?—A. Yes.

Q. That are bought for those departments?—A. Yes; women's and misses' coats, furniture and sewing machines, men's and boys' furnishings; men's clothing, boys' clothing, boys' coats, men's and boys' shoes; women's and children's shoes. We also have a separate memorandum on the tire departments of the Toronto and Moncton mail order divisions, which were specifically referred to in the evidence in connection with a memorandum which was lodged by the Summerside Board of Trade, I believe.

Mr. HEAPS: You have not a printed sheet?

Mr. SOMMERVILLE: No.

The WITNESS: Certain of the statements are printed there. BB-20 shows the cost of 12 of the principal lines of tires sold by the Toronto and Moncton mail order departments in 1933, and their selling price, and the mark-up percentage on cost, and of the same lines of tires in 1934. These lines form about around 30 per cent of the 1934 sales, but only about 10 per cent or less of the lines sold in 1933; because in that year a large proportion of the season's business was done on the Hercules tires, which were sold at a lower price in the mid-summer catalogue. This shows the selling price on these tires was considerably reduced in 1934; whereas in 1933 the mark-up on cost was from 44.4 to 77.1 per cent at Toronto, and from 36.7 per cent to 69.7 per cent for Moncton. In 1934, the mark-up on the price over cost is from 25.7 to 13.2 for Toronto, and 14.6 per cent to 24.3 in Moncton, that being probably due to the reduction in the price of tires of from 25 to \$1.55 per tire.

By Mr. Factor:

Q. Did some difference occur in the laid down price per unit?—A. No, there was no substantial change in the cost of laying the tires down. The only difference is—

Q. They sold them cheaper?—A. In 1933, the company supplying the tires absorbed part of the excise tax which was imposed on tires in the earliest part of 1933, and in 1934, the Eaton company bore the whole of that cost. The company's officials estimate that the cost of delivering these tires in Ontario would average about 32 cents a tire, and slightly higher in the Maritime provinces, so that after deducting delivery charges on the gross profits on, for instance, the Trojan, a 4.40 x 21 tire, the gross profit after deducting the estimated delivery charge would be 26 cents, or 6.8 per cent on the laid down cost; and on other sizes of tires, the gross profit would be slightly higher.

Mr. SOMMERVILLE: 4.40 x 21?

The WITNESS: Yes, a Trojan.

Mr. FACTOR: What year, 1933, or 1934?

The WITNESS: 1934.

By Mr. Sommerville:

Q. \$6.25 is the catalogue selling price?—A. The catalogue selling price on the right is \$4.39, the cost \$3.81, the mark-up 58 cents, 15.2 per cent on cost, and after deducting the estimated delivery cost of 32 cents, the mark-up would only be 26 cents or 6.8 per cent on cost.

Q. 6.8 per cent on cost? That is only about 25 per cent on the cost of doing business in the mail order department?—A. Yes.

Q. So that if the mail order business were operated on that basis it would be in the red all the time?—A. Yes.

Q. It would not last long?—A. No.

Q. This is in the nature of a loss leader then?—A. I might say that, in general, the mail order department does not sell loss leaders. By examination of the detail price spreads statement, I think you will see that in most cases the mark-ups are 20 per cent or more on the lines shown on those statements. You will see from statement BB-21a that the volume of business has been greatly reduced since 1929. In 1933 it was I think about a third of what it had been in 1929.

By Mr. Factor:

Q. Mr. Richardson, have you made up a statement of the tire department in the retail store, say in Toronto?—A. No.

Q. You have just the mail order division?—A. Yes, just the mail order division. It was an item that had been specifically referred to.

Mr. SOMMERVILLE: You will remember the committee were specifically asked to look into the mail order tire business by the Board of Trade of Summerside, Prince Edward Island, because of the ravages of that business on the Island.

Mr. FACTOR: This statement seems to indicate, as far as the mail order is concerned, that the gross profit percentage is the lowest of any item that the mail order deals with.

The WITNESS: I would not say it is the lowest. I think if you would examine the items on the BB statement of price spreads you will find that most of them are above 20 per cent; there are some that are less than 20 per cent.

By Mr. Sommerville:

Q. But, generally speaking, the price spreads in the mail order division run from 20 per cent to 50 per cent and 60 per cent.

Mr. ILSLEY: They average 43 per cent.

Mr. SOMMERVILLE: Yes, they average 43 per cent.

The WITNESS: I think, too, that probably the cost of delivering tires is slightly higher than it would be on many other lines of merchandise.

By Mr. Sommerville:

Q. Well now, in 1933 the mark-up on these tires was from 44 per cent to 77 per cent?—A. Yes, in the year 1933.

Q. And that has been reduced to a mark-up of 15 per cent to 25 per cent?—A. The officials stated that the higher mark-ups in 1933 and the reduced volume of business during the last few years have contributed more nearly to maintaining the ordinary retail selling prices on tires.

By Mr. Ilsley:

Q. I do not just understand that statement.—A. Well, I understand from officials of the company that the tire companies endeavoured—particularly in 1933—to stabilize prices to a greater extent than they had been in the past, and the T. Eaton Company said that they complied with their suggestion as to prices.

Q. Yes, but the tire companies would still want them to sell tires; you say that the low prices of 1934 are due to the suggestion— —A. No, the higher prices of 1933.

By the Chairman:

Q. Are any of these tires manufactured in their own factory? Have they a rubber factory?—A. No, sir.

Q. They have not a rubber factory?—A. No, sir. The tires on the schedule were made by the Dominion Rubber Company, and we examined certain of the records of that company, and we learned from them that the tires are the same quality as those sold through their own dealer organization under their trade names, and on statement BB-22 is shown a comparison of the laid down cost to the T. Eaton Company of those particular tires and the catalogue selling prices, which are practically the same in Ontario as in the Maritimes, and the estimated laid down dealer's cost of the Dominion Rubber Company's tires of corresponding brands and the list selling price to the consumer in Ontario and the Maritimes of those brands.

The CHAIRMAN: There is a vast difference between the two.

By Mr. Heaps:

Q. Could you read some of them into the records?—A. That statement is printed, sir. I think I had better describe first how these laid down costs are arrived at. In the case of the tires purchased by Eatons, they buy them f.o.b. the factory, and that is the laid down cost of them in Toronto, that is, after deducting the cash discount allowed by the company of 2 per cent, and a volume bonus given by the tire company of 10 per cent. In the case of the Dominion Rubber Company's own tires, the price to the dealer is a retail list price issued by the company less a 20 per cent discount less 2 per cent cash discount, less a volume bonus which varies according to the amount that the dealer sells. In the case of the Ontario dealers it was suggested by the Rubber Company that the case of the St. Catharines dealer was representative of the Ontario dealers, and we deducted the volume bonus of 10 per cent which was allowed to him. In the case of the Maritime dealers we deducted the average bonus and cash discounts allowed by the Dominion Rubber Company as a whole to all its dealers, which amounted to 5.82 per cent for the volume bonus and 2 per cent cash discount. In this statement you will see that on the lines of tires which the Summerside Board of Trade referred to particularly—it is on page 2 of that statement—the 4 75 19 first grade tire—that was the one which they referred to and that shows a tire in the first, second and third grades; on the basis of a dealer's cost, as we have calculated it, I have deducted the estimated volume, and the dealer's cost is greater than the actual selling price of the T. Eaton Company in each case by 14 cents, 26 cents, and 24 cents respectively. The figures quoted in the evidence showed differences of 80 cents, 88 cents, and 76 cents, due to them not having deducted anything for the volume bonus or the cash discount.

By Mr. Bell:

Q. Does the volume discount represent the difference between the Moncton price and the Ontario price?—A. The T. Eaton Company charges a slightly higher price on some tires in the Maritime mail order department.

Q. Yes, but on that one you mentioned a while ago I notice that the Trojan 4.40/21 is \$4.55 at Moncton and \$4.29 at Toronto, a difference of 16 cents. Would that not be accounted for by the bonus volume?—A. Are you speaking of the selling price of the Eaton tire?

The CHAIRMAN: He is talking about the mail order price which is something we are not talking about just now.

The WITNESS: The mail order price at Moncton is slightly higher on account of the additional freight to the Maritimes.

The CHAIRMAN: What we are talking about now, Mr. Bell, is the comparison between the Eaton catalogue sale price and the ordinary dealer's price, both the cost to the dealer and the selling price.

By Mr. Ilsley:

Q. In other words you found that on those 4.75/19 tires Eatons were selling them to the consumer for less than the dealer was able to buy similar tires for?—A. Yes. In other words, it confirms the general statement made by the Summerside Board of Trade but with a difference of 50 or 60 cents in the amount due to the fact of them not having deducted any volume bonus.

By Mr. Heaps:

Q. Do the Eaton Company make a regular profit on the sale of those tires?—A. They made a very small profit.

The CHAIRMAN: Less than the necessary net profit to clear themselves.

Mr. FACTOR: They made \$1.33 on that 4.75/19 tire; the laid down cost was \$6.47 and the advertised catalogue selling price was \$7.90.

By Mr. Heaps:

Q. What was the spread, Mr. Richardson.

Mr. FACTOR: On that particular tire the laid down cost is \$6.47 and the advertised catalogue selling price is \$7.90.

The WITNESS: On that particular tire there was \$1.43 gross profit before deducting their delivery cost or expense of doing business. You will see that on the 30 x 3½ tires they show a unit gross profit of 55 cents, and on the second grade 4.40/21 their gross profit was 98 cents; on the 4.50/21 it was \$1.02. Those percentages are all shown on the statement BB-20 with the mark-up percentage.

By Mr. Factor:

Q. Is not the situation this, the ability to purchase their tires cheaper which enables them to sell cheaper which accounts for this discrepancy between the dealer and the catalogue business?

Mr. ILSLEY: And their willingness to sell at a low mark-up?

The WITNESS: Yes, the two combined.

By Mr. Sommerville:

Q. If they were selling those at their ordinary mark-up of 45 per cent the cost would greatly exceed the catalogue prices?—A. You would have more nearly what the condition was in 1933.

Q. Yes?—A. Now, in that connection, we also learned from the Dominion Tire Company officials, or at least they made the statement that while these retail list prices are quoted as being the retail lists, the practice has developed among their dealers of selling at their net invoice cost and depending on their cash discount and volume bonus as their margin of profit, so that these retail list prices so called are not necessarily maintained.

Q. We have the evidence of Mr. Eaton here to the effect that the consumer's list prices were seldom attained; that is what you mean by the consumer's list price on statement BB-22?—A. Yes, and we described that in the memorandum of the company as the suggested selling price.

By Mr. Ilsley:

Q. The dealer cannot compete unless he is able to persuade the buyers that they are getting better tires.—A. The dealers in most cases themselves put the tires on for the amount they charge, and the company's experience also is that there are more adjustments allowed through dealers on defective tires than on tires purchased through mail order; the Dominion Rubber Company's statement shows that their cost of doing business through their dealer organization and warehouse is higher, and that is their statement.

By Mr. Sommerville:

Q. They are giving a service to the public through the putting on of the tires and the adjustments on the tires?—A. And having them available in stock at any time which the mail order department does not give.

Q. The complaint was that by this process of reducing the price of the tire the dealer was put at an unfair advantage and the distributors who were in the habit of giving service to the people would be giving up the tire business and it would be monopolized by the mail order business.—A. I think the statement indicates that the volume is very much less in 1933 than it had been

in earlier years, but in 1934, up to the 24th May, it was double what it had been in 1933.

By the Chairman:

Q. Is it not the practice of the mail order houses to put on a special price sale at a peak of the season, or like say about June?—A. Yes, last year they put on a special sale of Hercules tires. They were not manufactured by the Dominion Tire Company.

Q. Have you got a record of that?—A. No, I have not. They were not specifically referred to in this particular complaint.

Q. That is quite all right?—A. And the records of the Dominion Tire Company do not show that these tires are being sold below cost.

Q. All right?—A. That is, below the cost to them.

By Mr. Young:

Q. What are these dealers asking? Are they asking that Eatons be required to charge the same price as they do, for lesser service?—A. I beg your pardon?

Q. Are these complainants from Prince Edward Island asking that Eatons be required to charge the same price for tires as they do and give much lesser service?

Mr. SOMMERVILLE: He does not know what they are asking for. The complaint came in that the tires were being sold at less than the dealers could buy them at.

Mr. YOUNG: It appears that there is less service given with them.

Mr. HEAPS: How long have they had tires in Prince Edward Island?

Mr. YOUNG: Ever since tires were invented.

Mr. HEAPS: Oh no, no. It is only a few years ago that they didn't allow any motor cars in Prince Edward Island.

Mr. KENNEDY (Winnipeg): The same as Bermuda, no rubber, no liquor.

Mr. FACTOR: Where is that?

Mr. KENNEDY (Winnipeg): Prince Edward Island.

By Mr. Sommerville:

Q. Now, will you proceed, Mr. Richardson?—A. The next section is the factory departments in Toronto.

Q. The operations of the factories?—A. Yes. Statement Pa-1 is the first statement in your wage book. We show here the particulars of the operations of each of the factory departments, which are principally garment departments; also the thread department and suit case and harness department. This is for the year ended January 11, 1934. The total sales of the factory were \$5,508,411 for that year. It also shows the total volume of the work handled through the factory workrooms, which amounted to \$1,999,851. These are not exactly factories, but it is on the same statement, the second last column of Pa-1. These workrooms have departments in which the goods are assembled or mixed, and lighter operations, such as candy manufacture.

Q. What was the total of the operations of the factory?—A. The factory and workrooms combined had a total output of \$7,508,262. A loss was shown on the factory departments of \$164,153, and a profit on the workrooms of \$85,230, or a net loss on the two of \$78,923. The largest loss was in the men's clothing department, that is F-7, in which the loss was \$117,321. Losses were also shown in a number of the garment departments.

Q. Children's dresses, \$33,000; women's dresses, \$43,000?—A. Yes.

Q. Woollen dresses, \$38,000; girls' mackinaws and children's and misses' coats, \$19,000?—A. Yes.

Q. That is, all of these departments were apparently operated at a loss during the past year?—A. No.

By Mr. Young:

Q. Did the company explain to you why they persisted in selling goods at a loss?—A. The policy of the company is for its factories to sell only to the store department in the various cities—the store department of the T. Eaton Company and the mail order department—and to sell in competition with other suppliers. That is, if the store departments do not wish to buy from the factory department, they are at liberty to buy elsewhere.

By Mr. Sommerville:

Q. Take the men's clothing department; they have to compete with Toronto and Montreal manufacturers?—A. Yes.

Q. Who are selling to the various units?—A. Yes.

Q. And so also with the women's and children's coats?—A. Yes; and the prices are fixed, in effect, by competition.

By the Chairman:

Q. I suppose it would be equally correct to say that an outside factory must compete with this factory?—A. Yes.

Q. If this factory's price were lower than the outside factory's, then they would buy from here, from their own factory?—A. Yes, presumably.

Mr. FACTOR: I don't think Montreal looks very much upon this as an element of competition.

The CHAIRMAN: Not now.

By Mr. Factor:

Q. Tell me, Mr. Richardson, how does the mark-up on the cost in clothing purchased from their own department compare with the mark-up on cost of that purchased from outside the department?

Mr. SOMMERVILLE: We had that.

The WITNESS: You had that in your statement of price spreads.

Mr. FACTOR: I don't remember.

The CHAIRMAN: We went into that pretty carefully some two or three days ago, and the record is here complete.

The WITNESS: We didn't arrive at an average.

By Mr. Sommerville:

Q. Generally speaking, the mark-up is higher?—A. I don't think you could say there is very much difference.

Mr. YOUNG: That is on occasional lines, Mr. Sommerville.

The WITNESS: We didn't arrive at an average.

Mr. ILSLEY: It was in Simpsons there was such a mark-up. There was a very much greater mark-up on the goods they made themselves because they didn't take a profit out of the factory. I remember that. But we could not get any such evidence of any such condition in Eatons.

By Mr. Sommerville:

Q. But in the case of the Eaton factory there is a mark-up on the goods produced in the factory itself, is there not, over and above the cost of production?—A. There is no net profit, in some departments. The price is not determined

by the cost. It is a matter of ordinary buyer and seller as between the store department manager who is buying his goods and the factory department manager who is selling them.

Q. Take, for instance, the foundation garments and lingerie department; that shows a profit of \$22,000?—A. Yes.

Q. Men's and boys' shirts shows a profit of \$14,000 on the operation?—A. Yes.

Q. And furs, \$5,000; mufflers, ties and caps, \$7,000?—A. Yes.

Q. Thread, \$17,500; and thread manufacturing, \$37,000?—A. Yes.

Q. Those would be the net margins of profit they would have after turning over the goods to the store?—A. Yes, that is their net profit after all expenses, interest and rent.

Mr. FACTOR: Do you remember, Mr. Sommerville, whether there was a loss shown also in the merchandising department, in the men's clothing department?

Mr. SOMMERVILLE: It was turned into a small profit this past year.

Mr. GORDON: It showed a profit of \$8,800.

Mr. SOMMERVILLE: Something like that. Someone said it was attributable to the \$15 suit.

Mr. GORDON: The profit was \$8,930 in 1933.

Mr. FACTOR: Was there a loss the year before?

Mr. SOMMERVILLE: There was a loss.

Mr. GORDON: Yes, a \$16,000 loss.

Mr. FACTOR: Here is the situation: There is a loss for the factory the year before of \$83,350 and a loss in the merchandising, in 1932.

Mr. GORDON: \$16,000.

The WITNESS: The Toronto store has been buying a decreasing proportion of its requirements from the Toronto factory, the Eaton Toronto factory.

By Mr. Young:

Q. Have Eatons as many factories now as they used to have?—A. I don't know of any having been closed.

Q. Do they say why they opened factories in the first place?

Mr. GORDON: They had one in Toronto for years.

By Mr. Young:

Q. Yes, but they began some time. Did they tell you why they began opening factories in the first instance?—A. We didn't inquire into that.

Mr. YOUNG: You didn't inquire into that. It would be interesting to know.

The WITNESS: Statement Pa-2 shows the operating results for a five-year period. It shows the total sales and costs for each of these years; and also it shows the breakdown of the net profit or loss by departments. The volume decreased from \$9,757,237, in 1929, to \$5,508,411 in 1933, there having been a profit for the year 1929 of \$203,620, and a loss in each succeeding year.

THE T. EATON CO. LIMITED

MANUFACTURING STATEMENT OF FACTORY DEPARTMENTS FOR THE YEARS 1929 TO 1933 INCLUSIVE

	Year				
	1929	1930	1931	1932	1933
	\$	\$	\$	\$	\$
Inventory of Raw Materials, Goods in Process and Finished Goods at beginning of year—at estimated value.....	1,742,451	1,567,258	1,617,133	1,110,291	966,362
Purchases (including duty, exchange, freight, cartage, buying office and overhead charge).....	5,656,259	5,194,122	3,704,138	3,139,324	3,628,647
Wages—Piece Work and Time Work, Foremen, Management and Office Salaries and other sundry items.....	2,985,595	2,945,039	2,189,527	1,708,941	1,734,034
Manufacturing Expenses:					
Interest.....	94,417	85,728	74,240	57,308	54,101
Rent.....	200,861	211,079	188,549	153,341	151,267
Power and Steam.....	27,524	29,417	24,307	24,924	19,898
Buying Office.....	17,405	21,473	12,587	8,275	8,924
Commission Wages.....	φ	φ	φ	8,125	8,423
Interest and Depreciation on Plant.....	28,469	23,428	17,330	15,248	10,974
Direct Expense.....	161,198	154,144	114,167	90,118	91,902
General Expense.....	189,499	187,373	123,257	107,729	97,960
Expense Wages.....	17,197	17,735	17,504	12,499	10,161
Total.....	736,570	730,377	571,941	477,567	453,610
Inventory of Raw Materials, Goods in Process and Finished Goods at end of year—at estimated value.....	11,120,875	10,436,796	8,082,739	6,436,123	6,782,653
Cost of Output.....	1,567,258	1,617,133	1,110,291	966,362	1,110,089
Invoiced Output.....	9,553,617	8,819,663	6,972,448	5,469,761	5,672,564
	9,757,237	8,712,123	6,706,562	5,385,635	5,508,411
Profit or Loss as shown by Company's accounts..	203,620	107,540	265,886	84,126	164,153
Profit or Loss by Departments:					
F 2 Foundation Garments and Lingerie.....	29,127	23,319	23,603	33,867	22,009
F 3 Men's and Boys' Shirts and Pyjamas...	406	6,741	1,359	2,864	14,836
F 5 Women's and Misses' Silk Dresses.....	9,856	5,458	39,435	25,862	43,057
F 6 Women's and Misses' Suits and Women's Coats.....	11,201	12,834	3,622	14,556	7,409
F 7 Men's Clothing.....	19,872	134,880	142,012	83,350	117,321
F 8 Children's Dresses, Waists, Women's and Misses' Cotton Dresses.....	12,148	57,368	53,414	25,312	33,101
F 9 Furs.....	2,538	6,736	10,697	5,189	5,389
F 10 Ties, Mufflers, Caps and Button Manufacturing.....	19,372	4,642	10,973	7,756	7,473
F 11 Suit Cases, Harness, etc.....	9,816	934	15,282	7,502	10,993
F 12 Woollen Dresses, Skirts and Rain Coats	60,160	18,176	30,257	12,282	38,190
F 14 Buttons, Caps and Shrinking.....	5,600				
F 15 Girls' Mackinaws and Ski Skirts, Children's and Misses' Coats.....	1,740	11,348	18,732	21,645	19,261
F 19 Thread Stock and Shrinking.....	22,111	33,551	21,891	17,556	17,540
F 20 Universal Thread Company Limited..	2,022	3,150	3,223	1,261	525
F 21 Thread Manufacturing.....	24,345	23,167	17,626	27,406	37,407
Total.....	203,620	107,540	265,886	84,126	164,153

Losses are shown in black type.

By the Chairman:

Q. The men's clothing shows a loss in four years out of the five, a very substantial loss?—A. Yes.

Q. It is the major item in the loss?—A. Yes.

By Mr. Sommerville:

Q. Of course, these departmental factory losses are after being charged with interest and space?—A. Quite.

Q. And bearing their proportion of the overhead?—A. There is a further summary dealing with that. Just in passing, there is a separate section of the memorandum on the factories which we will file, dealing with the men's clothing department, which shows that there has been a very great reduction in the volume of that department.

By Mr. Factor:

Q. I suppose that is caused by the establishment of these one-price manufacturing chain stores?—A. The factory officials attribute it to competition from Quebec more than from any other source.

By Mr. Sommerville:

Q. That is, the drop in their volume they attribute to competition from Quebec?—A. Yes.

Q. Yes?—A. Statement Pa-3 shows a ten-year period, the invoice output, which dropped from \$11,940,000 in 1924 to \$5,508,000 in 1933; the profit or loss before charging interest on stock, interest and depreciation on plant or any rent; and the final profit or loss as shown by the company's statement; that indicates the extent of the interest and the amount of rent charged against each department's operation.

The CHAIRMAN: We will have that put in, in full, Pa-3.

STATEMENT No. Pa-3

THE T. EATON CO. LIMITED

STATEMENT SHOWING THE NET PROFIT OR LOSS OF THE MANUFACTURING FACTORY DEPARTMENTS FOR THE YEARS 1924 TO 1933 INCLUSIVE AND CERTAIN EXPENSES CHARGED TO THESE DEPARTMENTS

Year	Output invoiced	Profit or loss before certain expenses	Interest on stock	Interest and depre- ciation on plant	Rent	Net profit or loss as shown by Company's records
	\$	\$	\$	\$	\$	\$
1924.....	11,940,698	610,499	127,891	26,345	207,556	248,707
1925.....	11,782,869	491,612	122,091	25,533	207,172	136,816
1926.....	11,562,508	811,433	108,003	29,404	203,337	470,689
1927.....	11,068,943	653,848	117,745	29,839	201,328	304,936
1928.....	11,197,844	746,122	107,579	28,679	226,034	383,830
1929.....	9,757,237	527,367	94,417	28,469	200,861	203,620
1930.....	8,712,123	212,695	85,728	23,428	211,079	107,540
1931.....	6,706,562	14,233	74,240	17,330	188,549	265,886
1932.....	5,385,635	141,771	57,308	15,248	153,341	84,126
1933.....	5,508,411	52,189	54,101	10,974	151,267	164,153

By the Chairman:

Q. It indicates that for last year the amount of interest on stock was \$54,000; interest and depreciation on plant, \$10,974, and for rent, \$151,000?—A. Yes.

Q. A total of \$215,000?—A. Yes. But as in the case of the other Toronto departments, this is before supplementary expenses which I have dealt with at length in that connection.

Statement Pa-4 shows operations of the men's clothing factory for a five-year period. Pa-5 is the suitcase and harness department for a five-year period.

Q. Does this give us an indication of the number of day workers there were in this department?—A. No, that was shown in the wage figures we had yesterday.

Q. Take for instance, piece work wages: in 1930 they were \$664,000, and today they are \$311,898?—A. Yes. The average number of boys in 1929 was 309 in that department, and in 1933 there was an average of 196; but they may have worked less time in 1933 than in the other year.

By Mr. Factor:

Q. I see the suitcase and harness department of the factories showed a loss for the last three years?—A. Yes, there had been a very large decline in the business of this department; \$462,000 in 1929, to \$182,000 in 1933.

By Mr. Young:

Q. Is it picking up any in the last few months?—A. I did not go into that.

Mr. NASH: Harness is picking up, also I understand straps.

Mr. RICHARDSON: The operations of the printing department are shown on Pa-6. The printers department does practically all of its work for the Eaton Companies, about 5 per cent only of its output having been for outside suppliers. There is a separate section in the memorandum on this. On PB-1 are shown the cost of a number of Women's and Misses' Dresses manufactured in Department F-H, arranged according to material, labour and overhead expenses: showing the total cost, the invoice price to the retail department, the initial retail selling price, etc. of these goods in the Toronto store department.

Q. And it shows a mark-up in?—A. And the mark-ups in the store department.

Q. That is children's dresses and women's and misses' dresses?—A. Yes.

Q. Supplied to the store?—A. Yes.

Q. And this follows it through from material, labour and mark-up, right through. The first case is Order 3628; Material \$10.56?—A. Piecework labour, \$4.70, estimated time of productive and non-productive work including management \$2.45, total labour \$7.15; estimated expense \$1.26; or \$18.97 per dozen.

Q. That is on dresses?—A. Yes. The invoice price to the store was \$19.50, and that shows a small profit to the factory. In numerous instances it shows that the factory actually sold these goods to the store at a loss.

Q. Following that particular item through: The mark-up was \$14.73 in the store, the total labour was \$7.15?—A. Yes.

Q. That statement gives the amount of labour involved, the percentage of mark-up on the invoice which was 71 per cent?—A. That is the initial mark-up. In the case of Women's Coats the mark-downs would be heavier.

Q. The next one shows 52 per cent, the next 59, the next 86, the next 47, and then 102 per cent, 48, 51, 47, 46, 51, and 51 per cent?—A. Yes.

By Mr. Factor:

Q. And these departments have shown in the last four years a loss in the factory department?—A. You will see that on most of these items the invoice price is less than the total cost of the goods—I should not say most of them, but a number of them—the price is less.

By Mr. Sommerville:

Q. Then we have item 7173: material \$11.38, labour \$4.24 (direct labour) on that dozen dresses?—A. Yes.

Q. That would be 35 cents a dress. Then the estimated time of productive and non-productive workers including management was \$2.61, a total labour of \$6.85; estimated expenses \$1.30, a total cost of \$19.53, invoice price \$16.50?—A. That is a factory loss of \$3.03 per dozen on that order.

Q. Then that order was shown on the sales ticket at \$17.49, and the mark-up was to \$35.40, or a profit of \$17.91 per dozen, or 102 per cent?—A. Yes. The mark-up was \$17.91 by the store. The next statement is a similar statement of department F-12, showing the cost and the retail selling prices and the mark-ups in the same way.

Q. Skirts and raincoats: that shows the percentage of mark-up on the factory invoice prices range from 48 per cent to 67 per cent on a number of items there?—A. Yes. And again there are quite a number of items sold by the factory to the store at a loss to the factory.

Q. The Women's Coat Department?—A. It shows the same type of information with the same generally lower retail mark-up, and generally fewer items sold below cost by the factory to the store.

By Mr. Heaps:

Q. Would you say that this loss was due to the fact that the factory had to compete with factories in Ontario and Quebec?—A. That is what the factory management attribute the loss to, yes.

By Mr. Sommerville:

Q. In these cases, take women's suits, you have a total piecework labour of \$1.925, and an estimated time of work of a productive and non-productive type including management of \$1.58—that is almost as much as the piecework labour itself?—A. Yes, of course in that particular department it is possible that there was more time work than piecework.

Q. The total labour at any rate was \$3.54 per coat, and the invoice price to the store was \$17.23; and the retail selling price was \$23.50, a mark-up of 36 per cent?—A. Yes, the initial mark-up is 36 per cent in that case, the factory made a profit of \$1.03 on that sale. Then the next statement is a similar statement for the men's clothing factory.

Q. And that shows mark-ups of 24 per cent to 100 per cent on suits, top coats and overcoats made to measure?—A. Some of these are ready made and some are made to measure.

Q. Now, take for instance that \$16.50 suit?—A. That was a 3-piece made-to-measure suit.

Q. The cost of the material was \$7.10, the labour in this factory \$4.56, non-productive labour including management 41 cents, a total labour charge of \$4.97 and the mark-up was \$4.57?—A. Yes, the initial mark-up by the store was 38.3 per cent.

MR. FACTOR: In connection with this suit the total cost to the factory was \$11.93 per suit.

MR. SOMMERVILLE: Yes.

MR. FACTOR: What would be the comparative cost of that suit if made in the Montreal factory, do you remember offhand?—A. Slightly lower.

MR. NASH: That will be given to you.

THE WITNESS: You will have a comparison of the various costs set up.

By Mr. Sommerville:

Q. You have an initial mark-up there of \$4.57 as compared with piecework labour cost of \$4.56 in that factory. Then, here is a double-breasted overcoat selling for \$25, and the piecework labour was \$3.61 and the mark-up \$12.54?—A. The initial mark-up in that case was 100.6 per cent, that would be one of the higher mark-ups of the Toronto store. In each case the basis upon which these costs are estimated are described in this memorandum, it is rather technical.

Q. Then Number 5, a winter overcoat; the cost of labour \$3.72 on a \$19.75 overcoat?—A. Yes.

Q. The mark-up of \$7.29?—A. Yes, the initial mark-up in the store was 58.5 per cent.

By Mr. Factor:

Q. What I cannot understand about the \$16.50 suit is how they were able to manufacture in the factory to get this suit at \$11.93?—A. You have full information on the comparative cost of making suits selling at that price in your various factories a little later on. I think it might be wise to leave it until then; but you would see this, Mr. Factor, that the labour costs on that suit were only a very little lower than on the \$19.50 made-to-measure suits, and on the Eatonia ready-made suit, selling at \$25.

By Mr. Sommerville:

Q. The labour cost is practically the same?—A. Yes. There was no particular effect on the Toronto factory employees of the sale to Eatons of these suits, but the factory sold at a loss of \$1.70 based on this estimate of cost.

By Mr. Factor:

Q. Yes, they cost the factory \$12.95?—A. I mean, the costs prepared by the factory showed a slightly lower cost, but they were adjusted for the actual overhead in a couple of respects. There is also a statement on Men's and Boys' Clothing Factory Department in F-31. In Montreal it shows a loss in each of the last four years, with a profit in 1929; the results being in 1929 a profit of \$35,951; in 1930 a loss of \$25,771; in 1931 a loss of \$77,562; in 1932 a loss of \$12,344; and in 1933 a loss of \$78. There was also a statement of Department F-41, the St. John factory, showing losses of up as high as \$5,600 in four years, and a profit of \$6,187 in 1930.

Mr. FACTOR: That is shirts and overalls?

Mr. SOMMERVILLE: Shirts and overalls.

The WITNESS: There is also submitted—

Q. By the way, in connection with this factory at Montreal someone asked a question as to why the wages seemed to be higher there than in the Toronto plant; had that to do with the work that was being done, the runs, being on certain classes that would enable them to continue on that work. Perhaps Mr. Nash could tell us the reason for the Montreal factory having a better wage scale than in the Toronto factory.

Mr. NASH: Yes, because the goods were being made there in a smaller factory, there was not such a large variety, and in Montreal the runs generally were longer than they were in Toronto.

The WITNESS: Particularly in respect to the Women's Dress Department, where the runs are very large. There is also submitted Statement PS-2, which details the cost of certain overalls, work-shirts and other goods produced by the St. John factory.

By Mr. Sommerville:

Q. Yes.—A. And the retail selling price on a producing basis, and the mark-up percentage in the retail store over cost.

Q. Now, St. John Factory Department, F-41. Take the first item—khaki combinations?—A. Material cost \$13.68, labour \$4.39, estimated expense 24 cents, total estimated cost \$18.31; interest, depreciation and factory expense \$1.99, total estimated cost \$20.30. Invoiced at the same price, plus sales tax, total cost \$21.52. Retail unit selling price \$30 or a mark-up of \$8.48; initial mark-up percentage of 39.4.

Q. The labour charge in this item of one dozen overalls was \$4.39 and the mark-up \$8.48. The next item—blue combinations. The labour charge there is \$4.51 and the store mark-up is \$8.48?—A. Yes.

Q. The next one is black and blue overalls. Labour \$3.36, store mark-up \$4.16.

Mr. HEAPS: What is the cost of the goods?

Mr. SOMMERVILLE: The cost of the goods is \$9.89 in that case.

The WITNESS: That is the cost of the material. The cost of the goods in the store was \$19.80.

Mr. HEAPS: What was the cost of the denim that went into the manufacture of the goods?

The WITNESS: \$9.89.

Mr. HEAPS: Per dozen.

The WITNESS: Yes.

By Mr. Sommerville:

Q. \$3.36 labour for a dozen overalls would represent something like 30 cents apiece?—A. Yes.

Q. That is for the making. Here is the same thing again—overalls \$6.15?—A. This would be 50 cents each.

Q. Material 50 cents, labour for making overalls 15 cents, estimated expense 1 cent, direct cost 66 cents, depreciation 6 cents, estimated cost 72 cents?—A. Those were sold at a loss to the store—68½ cents plus sales tax brought the total cost up to 72½ cents—retail selling price \$1.10 or an initial mark-up of 52.1 per cent.

Q. And the mark-up was 37 cents—labour 15 cents on that dozen?—A. Yes. That is the end of that section.

By the Chairman:

Q. Just before you leave that. In F-7, which is the men's clothing factory which we have been examining, it will be noted that the labour in as far as the actual making up of the articles is concerned—the proportion of the selling price is comparatively small in some of these items cited a moment ago by Mr. Sommerville. For instance, here is one: labour cost \$5.97, retail mark-up or profit added, \$11.15—about double what the labour cost is. Here is another one, \$4.62?—A. That is the productive labour cost.

Q. That is what I am referring to only.

Mr. FACTOR: What significance has that?

The CHAIRMAN: I am going to point out what I think is the significant point. Another item shows \$4.62 and a mark-up of \$11.15. Another is \$3.61 and the mark-up is \$12.54. Another one is \$3.72 and the mark-up is \$7.29. If you turn over to what you were at yesterday concerning wages you will find in that department, F-7, there were three pages of details showing about one

hundred operatives who earned substantially less than the minimum wage and received no bonuses, running from \$5 down to less than \$1 in some instances below the minimum wage.

The WITNESS: That is about that many operatives in three different weeks.

The CHAIRMAN: Yes.

The WITNESS: There were in that department an average of about 200 piece workers.

The CHAIRMAN: Yes. Each page is for a separate week. That would be about 35 on a page.

The WITNESS: There was, generally, a substantial percentage below the minimum wage so that there might be, roughly, 40 people affected each week on the average who would not be bonused.

The CHAIRMAN: Who were receiving less than the minimum wage and were not bonused?

The WITNESS: Yes.

By Mr. Young:

Q. Would it be possible to carry that a step further and figure out how much of the gross profit was paid out in wages ultimately? Mr. Stevens has given us how much of the productive cost was paid out in wages—now, how much of the spread between the cost to the store and the ultimate selling price was paid out in wages?—A. We are compiling, but have not quite completed, a break-down of the sales dollar in the department stores we are examining into, but I cannot offhand tell you just what it will show for any particular company.

The CHAIRMAN: You are getting up a statement on that?

Mr. FACTOR: You are not intimating that there are some more investigations, are you?

The WITNESS: No, these figures are merely being compiled.

Witness Retired.

WALTER GORDON, recalled.

By Mr. Sommerville:

Q. Turn to statement L-1. Will you just give us the report on the operation of the groceterias?—A. L-1 shows the comparative results of the groceteria unit operated by the T. Eaton Company Limited for the years 1929 to 1933 inclusive and indicates that a loss has been incurred in each year.

Q. How many groceterias do they operate?—A. At 15th May, 1934, there were 38 of these groceterias in operation in Ontario, Manitoba and Saskatchewan which were controlled from Toronto. The company operates other groceterias in addition to these 38. In the west a few of the large department stores manage directly some of the groceterias, and in the Maritimes a chain is operated by Canadian Stores Limited. The Toronto office of the Eaton Company supervises the purchases of the groceterias at Timiskaming and Rouyn which are controlled from Montreal. Do you want the names of the 38?

Q. Well, we have them in the record, have we not?—A. They can go into the record.

Q. You had better put them in.—A. The names of the places where they are located are:—

Eastern Stores: Barrie, Ontario; Cobalt, Ontario; Cornwall, Ontario, Galt, Ontario; Guelph, Ontario; Kirkland Lake, Ontario; Kingston, Ontario; Belleville, Ontario; Brantford, Ontario; Brockville, Ontario; Chatham, Ontario; Kitchener, Ontario; Lindsay, Ontario; Niagara Falls, Ontario; Orillia, Ontario; Oshawa, Ontario; St. Thomas, Ontario; Smiths Falls, Ontario; Timmins, Ontario; Welland, Ontario; Kapuskasing, Ontario; North Bay, Ontario; Peterborough, Ontario; St. Catharines, Ontario; Sault Ste. Marie, Ontario; Stratford, Ontario; Sudbury, Ontario; Woodstock, Ontario.

Western Stores: Fort Frances, Ontario; Fort William, Ontario; Kenora, Ontario; Dauphin, Manitoba; Portage, Manitoba; Transcona, Manitoba; North Battleford, Saskatchewan; Prince Albert, Saskatchewan.

This statement, showing the losses in each year, can be broken down to show the results of the eastern units—that is the main Ontario units and the western units consisting of three Ontario stores at Fort Frances, Fort William and Kenora; three Manitoba stores and two Saskatchewan stores—and this break-down indicates that the western eight stores have shown a profit in each year.

Q. Each year for the last five years?—A. Each year for the last five years.

Mr. KENNEDY (Winnipeg): What is the profit in each store?

The WITNESS: I have not got that.

The CHAIRMAN: Is that profit in the western section substantial?

By Mr. Sommerville:

Q. Just have that entered in the record?—A. In the year 1929 the eastern group showed a loss of \$61,106, the western group showed a profit of \$480, a net loss of \$60,626; in 1930 the eastern group showed a loss of \$25,839 and the western lot showed a profit of \$8,759 or a net loss of \$17,080; in 1931 the eastern group showed a loss of \$74,135 and the western group showed a profit of \$18,075, a net loss of \$56,060; in 1932 the eastern losses were \$106,007 and the western profits were \$14,018, a net loss of \$91,989; in 1933 the eastern losses were \$105,597 and the western profits were \$33,665 or a net loss of \$71,932.

The store managers make purchases locally to a limited extent, but the bulk of the buying is done by the grocery department of T. Eaton Company, Limited, Toronto, which places orders estimated to cover their requirements for the Toronto grocery department, the groceteria department located in the Toronto store and the other groceterias.

Q. Now, in the operation of these groceterias, they are operated as part of the Toronto store?—A. Yes, one unit of the T. Eaton Company, Limited.

Q. It is not a separate company operating itself?—A. No.

Q. And these losses are directly reflected in the merchandising operations of the Toronto store?—A. Yes, they would be shown on statement D-1.

By the Chairman:

Q. And this is a department somewhat different from others in that it has a single buying system for these groceterias?—A. Yes, sir.

By Mr. Sommerville:

Q. They have quite a rapid turnover in the grocery department, have they not?—A. I presume so.

Q. About what proportion would the turnover be?—A. About nine times.

The CHAIRMAN: Yes, upwards of nine times.

By Mr. Sommerville:

Q. The turnover of stock would be about nine times a year; at least, the sales are equivalent to a turnover of nine times a year?—A. That is a better way of putting it.

Q. Notwithstanding these profits in the west, the net loss has been substantial every year?—A. Yes.

Q. From \$17,000 to \$91,000 in three years?

By Mr. Kennedy (Winnipeg):

Q. Is there any credit given in this groceteria business, or is it all cash?—A. I cannot tell you; we made a very brief examination of this unit; it is a small unit—I understand it is all cash.

Q. The net result is that the independent grocer has to compete with a business which recoups its losses out of some other branch of merchandise?—

A. Yes, that is correct.

Q. In addition to that, a department which operates on an all cash basis?—A. Yes.

By Mr. Sommerville:

Q. Before you leave the Toronto store, I would like to deal with a department which was dealt with the day before yesterday?—A. AA-47.

Q. A department having to do with the question of drugs, which came up in a very definite way the other day. The operations of this department may provide us with some information that might be helpful to the committee?—A. AA-48, the fourth line from the top.

Q. The drug department, D-10. Now, with reference to this department, you are submitting a statement of sample drugs, and the prices paid, the discounts given, special discounts, and the unit laid down cost, the indicated selling price and the amount of the mark-up and the percentage of same?—A. Yes, there are two statements. AA-47 shows the examples of the spread and the different items of drugs which are sold; AA-48 is a similar statement for patent medicine. They are divided, and we showed them on two different statements instead of one.

Mr. ILSLEY: Before you go into the details, perhaps you could tell us if private brands were sold at a very high mark-up as compared with nationally advertised standard brands of drugs?

By Mr. Sommerville:

Q. Their own manufacture?—A. Statement AA.49 shows examples of the initial mark-up on drugs which they manufactured themselves, and as far as the examples shown in the statement are concerned, which are more or less representative, they are slightly higher, but we did not take a weighted average.

Q. The drugs on AA.49 are drugs that are manufactured or put up by the firm itself?—A. Yes.

Q. That is put up in their own factory?—A. Yes.

Q. Take the first, medicinal oil; tell us what that indicates?—A. The factory material and labour costs were 21.2 cents; factory selling price to the store was 32 cents, so that the factory has a gross profit before its expenses of 10.8 cents. The gross profit percentage on cost, on the material and labour, would be 50.9 per cent, out of which it would have to pay its expenses.

Q. Now, in connection with those sales, they have one price—

Q. Carry that right through please.—A. The unit laid down cost to the store, after adding sales tax and so on, is 34 cents; the indicated selling price was 75 cents, a mark-up of 41 cents, or 121.1 per cent on costs to the store.

Q. That is to say, the factory had a mark-up of 50 per cent on the manufactured cost, and then the store had—A. On labour and material.

Q. —a mark-up of 121 per cent on the price paid by the store?—A. Yes.

Q. Take the next one, nerve food.—A. I should like to point this out, that there are two prices to the store, one for merchandise sold in the regular way over the counter, and another for merchandise which is going to be placed on sale.

Q. A special sale?—A. A special sale. Merchandise which is going to be sold on special sales is transferred to the store at a lower price.

Q. A lower mark-up?—A. Yes.

Q. In this particular case, the mark-up on the factory gross profit on the same drug, when sold for a special sale, was 41·5 per cent?—A. Yes; and the laid down cost to the store was 31·8 cents. The selling price was 65 cents; the mark-up to the store 33·2, or 104·4 per cent.

Q. The next item is nerve food?—A. Nerve food; regular price, material and labour cost, 9·5 cents. The factory made a gross profit of 7 cents, or 73·7 per cent; the cost to the store was 17·5 cents; the selling price was 35 cents, a percentage mark-up of 100 per cent.

Q. The factory gross was 73·7 per cent, and on top of that the store had a mark-up of 100 per cent?—A. And on similar merchandise for a special sale, a mark-up of 66·7 per cent to the store.

Q. A mark-up of 66·7 per cent to the store? A factory mark-up of 36·8 per cent?—A. On labour and material costs. Now, in addition, there is a third price in certain cases. Hypophosphates Cloudy are sold at three different prices; the regular price, the special sale price, and what they call the family sale price.

Q. In each case the factory has a gross profit, in the regular way 26 per cent; on the special sale, 15 per cent; on the family sale 9·9 per cent?—A. Yes.

Q. In that case the store had a mark-up of 75 per cent in the regular way, 71·2 per cent in the special sale, and 74 per cent in the family sale?—A. Yes.

Q. Now, that carries us through. Here is camphor oil, further down?—A. Material and labour costs, 11·5. The factory made a gross profit of 5 cents; laid down cost to the store was 17·5.

Q. What was the mark-up?—A. The mark-up percentage on labour and material cost, 43·5 per cent; laid down cost to the store, 17½ cents; selling price 30 cents, a mark-up percentage of 71·4 per cent.

Q. Then you have Fruit saline?—A. Material and labour costs in the factory were 11·7 cents. The factory made a gross profit of 8·3 cents, percentage 70·9 per cent; laid down cost to the store was 21 cents; the indicated selling price 35 cents, a mark-up of 65·4 per cent.

Q. On the next page you have milk of magnesia toothpaste?—A. Milk of magnesia toothpaste, factory, labour and material cost 7·56 cents. The factory made a gross profit of 2·44 cents. Merchandise sold for regular purposes at a mark-up of 32·2 per cent. The unit laid down cost to the store was 11½ cents; the indicated selling price 18 cents, a mark-up of 53·2 per cent.

Q. Take the last item, the lowest mark-up, boracic acid?—A. Boracic acid, taking the one pound unit, material and other costs, 12·3 cents; gross profit on the regular merchandise to the factory, 4·7 cents, or 38·2 per cent. The unit laid down cost to the store, 18 cents. The indicated selling price, 25 cents; the initial mark-up percentage 38·9 cents. On the merchandise sold on the family sale basis, the mark-up percentage was reduced to 16·9 per cent to the store.

Q. On the family?—A. Yes.

Q. 17·9 on the factory and 16·9 to the store?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. What is the significance of the family sale?—A. It is just a method of distribution so far as the company is concerned; but when they are putting on this merchandise, for what they call a family sale, they reduce the selling price, and the factory takes part of the reduction as well, they reduce the amount they pay to their factory.

Mr. YOUNG: An Eaton family sale.

By Mr. Kennedy (Winnipeg):

Q. On the family sale price, the mark-up ordinarily seems to be more than on the regular sale?—A. No, less, Mr. Kennedy.

Q. It is more in several cases?—A. It may be below.

Mr. SOMMERVILLE: The store has more, the factory a little less.

By Mr. Kennedy (Winnipeg):

Q. I do not see the difference between one and the other?—A. They have three selling prices. Regular merchandise is sold at one price. If they have a sale, it sells at a slightly reduced price. Then they sometimes have what they call family sales when they reduce the selling price still further. They make a higher mark-up, because when selling merchandise in the family sale, they reduce the price which they paid for it.

Q. Ordinarily, on the family sale, the price to the public for any given article is less, is it?—A. Yes.

By Mr. Sommerville:

Q. Then, these department operations showed a profit?—A. Statement AA-50 shows the comparative operating results of the store drug department?

Q. Consistently for five years it has made a net profit?—A. A net profit in every year. Statement AA-51 shows the results of the operations of the factory drug department, and it also shows the profit in every year.

Q. That indicates the factory has maintained a profit in each year of its operations?—A. Yes.

Q. And a maintained mark-up? Now, turning to the operations of the Winnipeg store and mail order, which you examined.—A. Statement M-1 is the first statement after the BB's and after the AA's.

Q. MM-1?—A. M-1, before that. Statement M-1 shows results of each of the operations of each of the departments of the Winnipeg store, for the year 1933, and indicates that there are 57 departments out of which 38 of them made profits, and 19 of them made losses. The largest profit was made by the bargain basement department, which amounted to \$52,601.22.

Q. Whereabouts is that; whereabouts is the reference?—A. After the groceries.

THE T. EATON CO., LIMITED — WINNIPEG STORE.

DEPARTMENTAL OPERATING STATEMENT FOR THE YEAR ENDED 11TH JANUARY, 1934

Department	Sales	Cost of Sales		Gross Profit Percentage on Cost	Workroom Cost	Net Gross Profit		Net Gross Profit Percentage on Cost	Expenses charged to Company's Records		Net Gross Profit per Company's Records	Departmental Expenses as per Company's Records	Net Profit or Loss per Company's Records
		\$	cts.			\$	cts.		\$	cts.			
202 Dress goods, wash goods, prints and linings	214,524 60	150,563 33	63,961 27	42.48		63,961 27		42.48	1,963 03	413 98	61,584 26	58,683 00	2,901 26
204 Silverware, clocks, jewelry, cutlery, sterling silver	304,922 50	234,955 72	69,966 77	29.78		69,966 77		29.78	3,046 14	1,312 24	65,608 39	85,843 00	20,234 61
205 Notions, haberdashery, patterns	231,341 41	141,082 42	90,258 99	63.97		90,258 99		63.97	2,201 32	145 80	87,911 87	73,960 00	13,951 87
206 Patent medicines, soaps and toilet goods and cameras	1,064,570 22	788,730 84	275,839 38	34.97		275,839 38		34.97	9,644 30	2,133 04	264,062 04	259,421 00	4,641 04
207 Gloves, hosiery and umbrellas	717,765 29	526,165 26	191,660 03	36.43	1,351 20	190,368 83		36.08	6,902 79	1,193 28	182,212 76	175,932 00	6,280 76
208 Handkerchiefs, embroidery, veilings, collars, ties, laces, trimmings, ribbons	165,337 22	107,551 96	57,785 26	53.73	154 00	57,621 26		53.47	1,689 51	918 06	55,013 69	57,143 00	2,129 31
210 Millinery	125,912 82	78,310 74	47,602 08	69.79	3,325 15	44,276 93		54.23	1,246 45	1,072 85	41,957 63	51,470 00	9,512 37
211 Linens, flannels, cottons	483,228 98	346,093 81	137,135 17	39.62		137,135 17		39.62	3,894 50	824 83	132,415 84	126,108 00	6,307 84
222 Hooks and Stationery	336,975 32	236,216 22	100,759 10	42.65		100,759 10		42.65	2,603 33	1,293 33	96,862 44	100,724 00	3,881 56
213 Men's Clothing	689,884 72	494,128 46	195,756 26	39.61	37,710 75	158,045 51		29.72	4,699 02	1,182 95	152,163 54	149,944 00	2,219 54
214 Men's furnishings	550,006 80	405,094 27	144,912 55	35.77		144,912 53		35.77	4,156 40	1,117 49	139,638 64	136,925 00	2,713 64
215 Men's hats, caps and furs	96,392 82	65,998 17	30,394 65	46.05		30,394 65		46.05	646 38	82	29,747 45	27,298 00	2,449 45
216 Women's furs	182,837 72	132,516 84	50,320 88	37.97		50,320 88		37.97	2,259 75	1,111 76	46,949 37	36,279 00	10,670 37
217 Women's and misses' suits and coats	309,742 89	220,097 35	89,645 54	40.73		89,645 54		40.73	2,466 18	1,916 40	85,262 96	73,977 00	11,285 96
218 Waists, shirts, sweaters, sportswear	224,091 56	162,109 20	61,982 36	38.23		61,982 36		38.23	2,031 45	2,029 03	57,921 88	59,582 00	1,660 12
219 Negligees, corsets, lingerie, underwear, housedresses, uniforms	469,125 45	325,016 82	144,108 63	44.34		144,108 63		44.34	4,083 26	1,936 37	138,089 10	116,015 00	22,074 10
220 Women's boots and shoes	325,734 86	233,211 68	92,522 18	39.67		92,522 18		39.67	3,248 14	283 49	88,991 55	86,240 00	2,751 55
221 China and glass	231,144 41	144,046 46	87,097 95	60.46	721 25	86,376 70		59.66	1,509 73	1,216 05	83,650 92	104,067 00	20,416 08
222 Trunks, bags, valises, sporting goods, firearms, toys, baby carriages	371,623 93	270,330 37	101,293 56	37.47	2,663 45	98,630 11		38.13	2,985 84	1,474 58	94,169 69	114,476 00	20,306 31
223 Woodenware, tinware, hardware	283,624 69	195,142 79	88,481 90	45.34		88,481 90		45.34	2,011 86	304 84	86,165 20	82,953 00	3,212 20
224 Groceries	1,086,039 02	903,498 13	182,540 89	20.20		182,540 89		20.20	2,380 16	6 33	180,154 40	201,335 00	21,180 60
225 Carpets, rugs, linoleums	274,401 50	197,189 53	77,211 97	39.16	8,832 35	68,379 62		33.19	1,714 65	543 81	66,121 76	68,870 00	2,748 24
226 Curtains, shades, draperies	355,873 44	199,389 60	156,483 84	78.48	42,484 80	113,999 04		47.13	2,947 05	675 63	110,376 36	113,085 00	2,708 64
227 Wallpaper, paints, pictures	242,475 92	154,151 19	88,324 73	57.30	8,065 70	80,259 03		49.47	2,181 34	307 32	77,770 37	73,716 00	4,054 37
228 Furniture, sewing machines	473,642 84	340,840 19	132,802 35	38.96	19,205 20	113,547 15		31.55	3,290 42	611 20	109,695 53	128,745 00	19,049 47
229 Lunch room	545,313 69	238,812 81	306,500 88	128.34	50,358 20	256,142 68		88.57	1,382 06	214 71	254,545 91	227,183 00	27,362 91
230 Meats and fish	1,178,613 00	855,610 32	323,003 28	37.75	11,882 20	311,121 08		35.86	4,091 20	371 40	306,658 48	305,883 00	775 48
231 Dressmaking	9,713 43		10,272 91		8,319 65	1,954 26			7 29	150 00	1,796 97	5,776 00	3,979 03
234 Manicuring and hair goods	48,355 47	6,132 89	42,222 58	688.45	21,653 15	20,569 43		74.03	75 90	115 58	20,377 95	14,392 00	5,985 95

DEPARTMENTAL OPERATING STATEMENT FOR THE YEAR ENDED 11TH JANUARY, 1934

PRICE SPREADS AND MASS BUYING

3419

Department	Sales	Cost of Sales		Gross Profit Percentage on Cost	Net Gross Profit		Expenses charged to Company's Records		Net Gross Profit per Company's Records	Departmental Expenses as per Company's Records		Net Profit or Loss per Company's Records
		\$	cts.		\$	cts.	Overhead Charge	Travelling Expense		\$	cts.	
236 Fancy goods and wools.....	253,741 79	156,080 51	97,661 28	62.57	13,074 45	84,586 83	2,480 68	169 69	81,936 55	79,597 00	2,339 55	
238 Silks, woollen goods.....	307,963 58	217,884 41	90,079 17	41.34	1,554 00	90,079 17	2,939 04	666 59	86,473 54	76,705 00	9,768 54	
239 Optical goods.....	66,922 21	25,386 98	41,535 93	163.61	.....	39,981 93	475 57	.....	39,506 36	18,992 00	20,514 36	
240 Misses' and Women's dresses.....	268,017 32	199,188 23	68,829 09	34.55	.....	68,829 09	2,275 00	2,469 39	64,084 70	70,227 00	6,142 30	
243 Decorating.....	36,913 77	7,708 93	29,204 84	378.85	22,967 50	6,237 34	.....	.....	6,237 34	3,697 00	2,540 34	
246 Garage.....	48,318 18	10,242 20	58,560 38	.....	14,541 95	44,018 43	703 55	.....	43,314 88	33,471 00	9,843 88	
247 Candles.....	322,080 60	231,901 30	90,179 30	38.89	.....	90,179 30	2,099 97	794 78	87,374 55	80,458 00	6,916 55	
248 Musical instruments, sheet music, radios electric refrigerators.....	224,051 37	153,017 43	71,033 94	46.42	9,591 60	61,442 34	2,132 66	429 29	58,880 39	57,700 00	1,180 39	
249 Boys' Clothing.....	176,132 86	131,538 20	44,594 66	33.90	.....	44,594 66	1,263 30	.....	43,331 36	45,946 00	2,614 64	
252 Infants' goods, children's dresses, coats, underwear 6 to 14 years.....	284,508 56	212,091 44	72,417 12	34.14	.....	72,417 12	2,109 15	1,835 92	68,472 05	84,014 00	15,541 95	
253 and 253B Fruits and Vegetables.....	421,023 42	306,257 80	114,765 62	37.47	.....	114,765 62	1,458 71	545 96	112,760 95	109,863 00	2,897 95	
254 Men's and Boys' Boots and Shoes.....	252,291 62	182,715 53	69,576 09	38.08	.....	69,576 09	1,995 39	212 40	67,458 30	69,938 00	6,520 30	
259 Groceries.....	1,357,247 53	1,179,232 99	178,014 54	15.10	.....	178,014 54	2,416 14	6 59	175,591 90	143,258 00	32,333 90	
260 Shoe Repair.....	2,784 96	410 96	3,225 92	.....	1,542 10	1,683 82	18 48	.....	1,665 34	1,621 00	44 34	
261 Soap in Groceries.....	118,188 90	105,901 11	12,287 79	11.60	.....	12,287 79	.....	.....	12,287 79	8,860 00	3,427 79	
264 Beds, Springs and Mattresses.....	169,750 05	127,155 59	42,594 46	33.50	1,123 05	41,471 41	1,310 08	32 50	40,128 83	32,673 00	7,455 83	
265 Electrical goods and supplies.....	145,896 19	97,794 65	48,101 54	49.18	4,555 90	43,515 64	946 25	479 24	42,090 15	41,972 00	118 15	
268 Bargain Section (basement).....	1,306,281 09	1,063,271 59	243,009 50	22.85	.....	243,009 50	10,238 62	1,026 66	231,144 22	178,543 00	52,601 22	
270 Children's Shoes.....	153,314 78	111,380 90	41,933 88	37.65	.....	41,933 88	1,091 78	132 81	40,709 29	41,309 00	599 71	
271 Higher priced dresses and coats.....	71,201 95	57,994 27	13,207 68	22.77	.....	13,207 68	3,812 52	2,732 81	9,672 35	21,724 00	12,051 65	
272 Economy self-serve garments.....	337,865 11	267,276 79	70,588 32	26.41	.....	70,588 32	3,310 85	1,406 51	65,870 96	55,928 00	9,942 96	
275 Electric Washing machines, etc.....	62,213 69	41,049 21	21,164 48	51.56	.....	21,164 48	499 16	166 38	29,507 94	18,909 00	1,116 14	
276 Tires and Tubes.....	42,342 03	34,516 59	7,825 44	22.67	.....	7,825 44	545 58	123 00	7,156 86	8,273 00	1,116 14	
277 Self-serve millinery.....	41,459 11	31,485 03	9,974 08	31.68	.....	9,974 08	405 93	111 42	9,396 73	7,910 00	1,486 73	
278 Pianos.....	18,300 84	12,414 18	5,886 66	47.42	.....	5,886 66	118 31	30 51	5,737 81	9,942 00	4,204 19	
280 Lending Library.....	6,570 61	1,854 36	4,716 25	254.37	.....	4,716 25	.....	.....	4,716 25	3,093 00	1,683 25	
289 Contract Sales.....	14,602 00	14,602 00	.....	.....	.....	.....	.....	.....	.....	.....	.....
659 Groceries—North Main Street.....	238,242 93	203,191 12	85,051 81	17.25	156 00 } 360 50 }	34,535 31	338 64	.....	34,196 67	29,762 00	4,434 67	
Total.....	18,341,444 87	13,314,575 18	5,026,869 69	37.76	286,234 10	4,740,635 59	34.86	123,215 21	38,839 37	4,578,581 01	4,441,350 00	137,231 01

THE T. EATON CO. LIMITED
(Winnipeg Store)

COMPARATIVE OPERATING STATEMENT 24TH JANUARY 1924 TO 11TH JANUARY 1934

SPECIAL COMMITTEE

	Year ending 22nd January, 1925	Year ending 21st January, 1926	Year ending 20th January, 1927	Year ending 19th January, 1928	Year ending 31st January, 1929	Year ending 30th January, 1930	Year ending 29th January, 1931	Year ending 14th January, 1932	Year ending 12th January, 1933	Year ending 11th January, 1934
—	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sales.....	23,935,965	25,059,159	27,054,843	27,560,828	30,346,027	29,869,393	27,917,721	23,325,706	20,054,308	18,341,441
Cost of Sales.....	17,874,421	18,969,048	20,537,685	20,797,819	22,669,890	22,339,030	20,539,542	17,110,355	14,749,749	13,472,658
Gross Profit.....	6,061,544	6,090,111	6,517,158	6,763,009	7,676,137	7,530,363	7,378,179	6,215,351	5,304,559	4,868,783
Gross Profit Percentage on Cost...	33.9%	32.1%	31.7%	32.5%	33.9%	33.7%	35.9%	36.3%	36.0%	36.1%
Workroom Wages.....	292,041	322,303	364,196	409,560	463,571	475,620	428,416	358,270	294,916	286,234
Net Gross Profit.....	5,769,503	5,767,808	6,152,962	6,353,449	7,212,566	7,054,743	6,949,763	5,857,081	5,009,643	4,582,549
Net Gross Profit Percentage on Cost.....	31.8%	29.9%	29.4%	30%	31.2%	30.9%	33.1%	33.5%	33.2%	33.3%
Expenses.....	4,719,277	4,935,693	5,501,017	5,761,343	6,412,459	6,360,995	6,196,071	5,412,374	4,879,233	4,441,350
Net Profit according to the Company's Records.....	1,050,226	832,115	651,945	592,106	800,107	693,748	753,692	444,707	130,410	141,199

THE T. EATON CO. LIMITED

STATEMENT OF ADVERTISING OF THE WINNIPEG STORE 1924 TO 1933 INCLUSIVE

(Number of lines of Advertising)

Year	Evening Free Press	Tribune	Total	Total Cost of all Advertising
				\$
1924.....	1,341,536	1,384,315	2,725,851	230,065
1925.....	1,494,324	1,477,036	2,971,354	260,328
1926.....	1,662,555	1,661,145	3,323,700	306,303
1927.....	2,069,720	2,046,051	4,115,771	362,309
1928.....	2,166,687	2,143,890	4,310,577	426,540
1929.....	2,096,746	2,096,645	4,193,391	407,598
1930.....	2,100,724	2,101,365	4,202,089	401,024
1931.....	1,968,233	1,960,902	3,929,135	371,516
1932.....	1,797,664	1,801,812	3,599,476	341,409
1933.....	1,799,285	1,820,264	3,619,549	329,139
	18,497,474	18,493,419	36,990,893	3,436,231

STATEMENT OF "FLYER" ADVERTISING—7TH NOVEMBER 1933 TO 15TH MAY 1934

Date	Lineage	Issue	Total Cost
			\$
7-11th November 1933.....	29,568	60,000	2,089
1st December 1933.....	29,568	60,000	2,346
1st January 1934.....	9,856 9,856	62,000 Free Press 40,000 Tribune	2,103
15th January 1934.....	19,712	60,000	1,367
1st February 1934.....	25,344	60,000	2,094
15th February 1934.....	12,672	60,000	2,047
1st March 1934.....	25,344	60,000	1,903
15th March 1934.....	25,344	60,000	2,030
16th April 1934.....	25,344	60,000	2,228
1st May 1934.....	25,344	60,000	1,995
15th May 1934.....	25,344	60,000	2,030

THE T. EATON CO. LIMITED

WINNIPEG MAIL ORDER DEPARTMENTAL OPERATING STATEMENT—FOR THE YEAR ENDED 11TH JANUARY, 1934

Department	Sales	Cost of Sales	Gross Profit	Gross Profit Percent- age on Cost	Work- room Cost	Net Gross Profit	Net Gross Percent- age on Cost	Expenses charged to cost of sales in Company's records		Net Gross Profit per Company's Records	Depart- mental Expenses as per Company's Records	Net Depart- mental Profit or Loss per Company's Records
								Overhead Charge	Travelling Expense			
	\$	\$	\$	%	\$	\$	%	\$	\$	\$	\$	\$
2 Wash goods, dress goods, silks, lin- ings	1,069,754 99	756,730 39	313,024 60	41.36	.....	313,024 60	41.36	9,522 34	1,874 25	301,628 01	243,146 00	58,482 01
4 Watches, clocks, jewelry, silverware, cutlery, leather goods	382,543 65	272,604 13	109,939 52	40.33	.....	109,939 52	40.33	3,705 30	947.00	105,227 22	90,300 00	14,927 22
5 Notions	303,960 77	197,571 09	106,389 68	53.84	.....	106,389 68	53.84	2,958 42	696.85	102,734 41	76,878 00	25,856 41
6 Drugs, toilet goods, cameras	585,733 71	408,371 40	177,362 31	43.43	.....	177,362 31	43.43	3,823 50	740 46	172,798 35	149,786 00	23,012 35
7 Gloves, hosiery, umbrellas	1,008,112 41	701,173 13	306,959 28	43.77	3,968 35	302,970 93	42.96	8,380 11	1,253 14	293,337 68	226,425 00	66,912 68
8 Handkerchiefs, laces, embroidery, neckwear	212,188 68	136,023 65	76,165 03	55.90	993 30	75,171 73	54.86	2,135 65	792 32	72,243 76	52,849 00	19,394 76
10 Millinery	183,225 17	105,927 44	77,297 73	72.97	1,912 65	75,385 08	69.90	1,580 52	444 53	73,360 03	64,596 00	8,764 03
11 Linens, bedding, rugs	1,436,691 76	1,030,543 72	406,148 04	39.41	.....	406,148 04	39.41	10,253 27	1,514 85	394,379 92	325,048 00	69,331 92
12 Books, stationery	276,008 91	186,076 26	89,992 65	48.33	.....	89,992 65	48.33	1,725 50	909 69	87,357 46	71,030 00	16,327 46
13 Men's clothing	1,163,620 62	875,329 68	288,290 94	32.3	.....	288,290 94	32.63	8,129 60	499 75	279,661 59	244,016 00	35,645 59
14 Men's and boy's furnishings	1,416,552 18	1,014,204 67	402,347 51	39.67	.....	402,347 51	39.67	9,046 60	1,407 37	391,893 54	290,637 00	101,256 54
15 Men's hats, caps and furs	165,077 17	114,810 37	50,266 80	43.78	.....	50,266 80	43.78	1,097 73	316 13	48,352 94	42,592 00	6,260 94
16 Women's furs	44,286 93	30,902 36	13,324 57	43.04	.....	13,324 57	43.04	565 65	0 92	12,758 00	8,692 00	4,066 00
17 Women's and misses' suits and coats	708,776 35	504,808 74	203,967 61	40.40	.....	203,967 61	40.40	5,777 17	625 85	197,504 59	136,849 00	60,715 59
18 Waists, skirts, shawls, sweaters, gowns	274,573 78	193,408 18	81,165 60	41.96	.....	81,165 60	41.96	2,353 56	353 06	78,458 98	64,485 00	13,973 98
19 Underwear, aprons, kimona sleeve house dresses, corsets	1,077,439 06	736,901 71	340,537 35	46.21	.....	340,537 35	46.21	8,354 75	1,214 12	330,968 48	263,476 00	67,492 48
20 Women's boots and shoes	917,709 08	645,300 66	272,408 42	42.21	.....	272,408 42	42.21	8,399 41	1,580 00	262,429 01	225,712 00	36,717 01
22 and 33 (22) Trunks, bags, sporting goods, fire arms; (33) Toys and wheel goods	370,065 51	257,471 01	112,594 50	43.73	3,051 05	109,543 45	42.05	2,825 92	1,499 55	105,217 98	79,006 00	26,211 98
23 Hardware, woodenware, tinware	320,785 15	227,763 23	93,021 92	40.84	.....	93,021 92	40.84	1,294 24	263 34	91,464 34	72,114 00	19,320 34
25 Carpets, rugs, linoleums	77,137 21	52,441 44	24,695 77	47.09	.....	24,695 77	47.09	623 56	572 47	23,499 74	21,715 00	1,784 74
26 Shades, draperies and curtains	378,761 32	250,295 68	128,465 64	51.32	.....	128,465 64	51.32	2,901 84	446 77	125,117 03	98,425 00	26,692 03
27 Pictures, paints and wallpaper	164,492 71	106,067 53	58,425 18	55.08	.....	58,425 18	55.08	1,560 68	370 33	56,494 17	43,970 00	12,524 17

28 Furniture, beds.....	97,632 58	72,406 48	25,226 10	34-84	851 75	24,374 35	33-27	676 41	99 68	23,598 23	28,945 00	5,346 74
36 Fancy Goods and Wools.....	293,498 78	192,487 71	101,011 07	52-47	.....	101,011 07	52-47	2,879 98	521 19	97,609 90	81,000 00	16,609 90
40 Women's and Misses' dresses, set-in-sleeve house dresses.....	461,225 55	327,698 97	133,526 58	40-74	.....	133,526 58	40-74	1,965 00	556 90	121,094 68	125,042 00	3,952 68
41 Farm Implements, harness, saddlery	430,376 50	323,179 70	107,196 80	33-16	8,237 10	98,959 70	29 86	1,755 15	418 24	90,786 31	85,227 00	11,559 31
42 Seeds.....	142,531 48	61,179 21	81,352 27	132-97	.....	81,352 27	132-97	424 41	212 62	81,725 24	47,449 00	33,276 24
44 Building material.....	121,786 90	99,939 93	21,846 97	21-86	.....	21,846 97	21-86	48 75	53 22	21,313 00	18,468 00	2,845 00
45 Stores, plumbing supplies.....	186,009 27	136,828 14	49,181 13	35-94	.....	49,181 13	35-94	1,310 17	186 32	47,084 64	45,837 00	1,847 64
48 Radios and musical instruments.....	273,250 78	161,904 18	111,346 60	68-77	2,791 40	108,556 20	61-91	2,055 33	263 96	106,236 91	77,279 00	29,027 91
49 Boys' clothing.....	437,963 17	331,575 90	106,386 27	32-08	.....	106,386 27	32-08	2,905 56	758 74	102,661 97	105,259 00	2,597 03
52 Infants' goods—to 14 years; girls' 6-14 years underwear.....	776,174 79	533,264 20	242,910 59	45-55	2,762 60	240,147 99	44-80	4,874 48	1,524 89	283,748 62	197,111 00	36,637 62
54 Men's and boys' boots and shoes.....	1,314,273 66	920,323 47	393,950 19	42-80	.....	393,950 19	42-80	9,631 08	1,401 02	382,918 09	304,042 00	78,876 09
67 Barbed wire and fencing.....	37,409 47	33,124 59	4,284 88	12-93	.....	4,284 88	12-93	142 22	56 16	4,086 50	3,007 00	1,079 50
76 Tires and Tubes.....	28,912 81	25,049 32	3,863 49	15-42	.....	3,863 49	15-42	227 11	152 94	3,483 44	3,529 00	45 56
	17,138,601 86	12,023,748 27	5,114,853 59	42-54	24,567 20	5,090,286 39	42-25	128,462 97	24,518 63	4,837,304 79	4,013,992 00	923,402 79

STATEMENT No. N-2

THE T. EATON Co. LIMITED

(Winnipeg Mail Order)

COMPARATIVE STATEMENT OF OPERATIONS 24TH JANUARY 1925 TO 11TH JANUARY 1934

	Year ending 22nd January, 1925	Year ending 21st January, 1926	Year ending 20th January, 1927	Year ending 19th January, 1928	Year ending 31st January, 1929	Year ending 30th January, 1930	Year ending 29th January, 1931	Year ending 14th January, 1932	Year ending 12th January, 1933	Year ending 11th January, 1934
Sales.....	28,465,060	32,024,718	31,874,166	32,163,161	33,201,424	29,275,149	22,927,037	17,382,336	16,621,458	17,138,599
Cost of Sales.....	20,733,683	23,681,477	23,556,628	23,433,793	24,259,173	21,263,032	15,907,111	12,394,548	11,826,283	12,188,507
Gross Profit.....	7,731,377	8,340,241	8,317,538	8,729,368	8,942,249	8,010,117	6,119,926	4,987,788	4,795,175	4,950,092
Gross Profit percentage on Cost.....	37-3%	35-2%	35-3%	37-3%	36-9%	37-7%	38-5%	40-2%	40-5%	40-6%
Workroom wages.....	28,758	30,621	35,886	45,141	48,313	44,761	39,310	26,166	25,539	24,507
Net Gross Profit.....	7,702,619	8,309,620	8,281,652	8,684,227	8,893,936	7,965,356	6,080,616	4,961,622	4,769,636	4,925,525
Net gross profit percentage on cost	37-1%	35-0%	35-1%	37-0%	36-6%	37-4%	38-2%	40-0%	40-2%	40-3%
Expenses.....	5,295,394	5,794,373	5,993,605	6,139,043	6,471,872	6,173,922	5,417,244	4,518,523	4,177,395	4,013,902
Net Profit according to the Company's records.....	2,407,225	2,515,247	2,328,047	2,545,184	2,422,064	1,791,434	663,372	443,097	592,241	911,623

THE T. EATON CO. LIMITED—WINNIPEG STORE

SUMMARY OF DEPARTMENTS INVESTIGATED

Department No.	Merchandise handled	No. of Orders listed		Aggregate amount of orders listed	Percentage of orders listed to total purchases in 1933	No. of examples shown in supporting statements	Mark-up percentages of examples shown		Particulars shown in Statement M-1			
									Gross Profit (before deducting work-room cost)	Percent- age of gross profit to cost of sales	Net Gross Profit (after deducting work-room cost)	Percent- age of net gross profit to cost of sales
		Outside Suppliers	Eaton Co. Factories				High	Low				
228 and 228-B	Furniture of all kinds but not including washing machines, radios, electric refrigerators, lamps or bedding.....			\$	%		%	%	\$ cts.	%	\$ cts.	%
213	Men's suits, overcoats, topcoats, overalls, trousers, raincoats, slickers and sports wear (golf knickers, windbreakers, etc.) and custom tailoring (cheaper lines also sold in bargain section in basement).....	58		23,811	7	79	83.36	7.62	132,802.35	38.96	113,597.15	31.55
249	Boys' pants, suits, overcoats, overalls, raincoats and slickers, leather coats, windbreakers and mackinaws (cheaper lines also sold in bargain section in basement).....	43	25	12,589 99,833	2.5 27	25 63	57.72 70.15	10.38 19.11	195,756.26	39.61	158,045.51	29.71
254	Men's and Boys' boots, shoes, over-shoes, rubbers, spats, sports shoes and findings (also sell cheaper lines in basement).....	37	18	19,973	14	64	81.51 67.8	36.36 7.87	44,594.66	33.90	44,594.66	33.90
217	Women's and Misses' coats (including raincoats) and suits (also sold in Self-Serve Department, 240 and Bargain Section, Department 268).....	43		25,032	13	57	77.03	14.97	69,576.09	38.08	69,576.09	38.08
219	Women's underwear, silk goods, cottons and imported lingerie,	20	4	2,821 14,572	1 8	17 22	85.71 110.66	46.92 37.73	89,645.54	40.73	89,645.54	40.73

272	house dresses, negligees, corsets, etc. (cheaper lines also sold in bargain section—Department 268).....	35	8	27,623	10	49	101.53	30.43	144,108.63	44.34	144,108.63	44.3*
240	Self-Serve garments, Women's cloth coats, dresses of all kinds and fur coats (in basement). (Similar goods sold in Departments 217, 240 and 268).....	29	4	34,364	12	41	52.18	11.19	70,588.32	26.41	70,588.32	26.41
275	Women's and Misses' dresses, jackets and washable coats in larger sizes 41½ to 53½. (Similar goods sold in Departments 271, 272 and 268).....	32	6	16,203	8	47	114.22	18.11	68,829.09	34.55	68,829.09	34.55
276	Electric Washing Machines.....	14	.....	14,115	32	22	117.47	31.00	21,164.48	51.56	21,164.48	51.56
222	Automobile Tires and Tubes.....	8	.....	5,302	13	26	35.32	14.34	7,825.44	22.67	7,825.44	22.67
	Storage Batteries (Section of Department 222 only).....	24	.....	3,752	.....	24	60.00	4.45	Not available—Batteries being sold through Sporting Goods, etc. Department 222.			
206	Soaps, patent medicines, surgical supplies, brushes, toiletries, perfumes, cameras, drugs and miscellaneous items at a 15c. counter.....	28	1	83,347	10	41	135.84	8.11	275,839.38	34.97	275,839.38	34.97
220	Women's Boots and Shoes.....	47	.....	46,008	18	55	97.96	5.62	92,523.18	39.67	92,523.18	39.67
230	Meats and Fish.....	16	.....	3,017	0.35	22	90.00	12.50	323,003.28	37.75	311,121.03	35.86
3024	Groceries.....	19	.....	12,715	1	29	59.17	1.52	182,540.89	20.20	182,540.89	20.20
259	Groceries.....	10	.....	4,428	0.38	16	52.17	4.16	178,014.54	15.10	178,014.54	15.10
268	Bargain Section.....	31	2	22,149	2	36	67.67	2.88	243,090.50	22.85	243,090.50	22.85

STATEMENT MM-4

THE T. EATON CO. LIMITED—WINNIPEG STORE
Men's Clothing Department No. 213—EXAMPLES OF PRICE SPREADS

Description of Goods	Total Amount Ordered	Date of Invoice	Examples of Shipments			Initial Selling Price	Initial Mark-up	
			Unit Invoice Cost	Sales Tax Freight and Duty	Unit Cost laid down		Amount	Per cent to Cost
	\$		\$	\$	\$	\$	\$	
MADE TO MEASURE SUITS								
Special Made to Measure Men's Suits.....	40.50	April 8, 1933	13.50	1.143	14.643	22.70	8.057	55.02
Special Made to Measure Men's Suits.....	43.00	April 8, 1933	10.75	0.977	11.727	17.00	5.273	44.96
Made to Measure Men's Suits.....	68.00	April 1, 1933	17.00	1.47	18.47	26.50	8.03	48.48
Made to Measure Men's Suits.....	108.75	April 1, 1933	21.75	1.756	23.506	33.00	9.494	40.39
Made to Measure Men's Suits.....	198.75	May 22, 1933	13.25	1.23	14.48	21.00	6.52	45.03
Made to Measure Men's Suits.....	201.00	May 22, 1933	16.75	1.433	18.183	26.50	8.317	45.75
Special Made to Measure Men's Suits.....	75.00	Jan. 31, 1934	15.00	1.483	16.483	25.00	8.517	51.67
Special Made to Measure Men's Suits.....	175.00	Jan. 31, 1934	17.50	1.632	19.132	30.00	10.868	56.81
Special Made to Measure Men's Suits.....	46.00	June 13, 1933	11.50	1.24	12.74	17.75	5.01	39.32
Special Made to Measure Men's Suits.....	121.50	June 13, 1933	13.50	1.56	14.86	21.75	6.89	46.37
Special Made to Measure Men's Suits.....	66.00	Mar. 11, 1933	11.00	1.11	12.11	17.00	4.89	40.38
Special Made to Measure Men's Suits.....	116.00	Mar. 11, 1933	14.50	1.32	15.82	22.00	6.18	39.06
Special Made to Measure Men's Suits.....	101.50	June 17, 1933	14.50	1.33	15.83	21.50	5.67	35.82
Special Made to Measure Men's Suits.....	88.00	June 17, 1933	11.00	1.12	12.12	16.50	4.38	36.14
Special Made to Measure Men's Suits.....	183.00	Feb. 26, 1934	15.25	1.41	16.66	23.50	6.84	41.06
Special Made to Measure Men's Suits.....	23.50	Feb. 26, 1934	11.75	1.21	12.96	18.50	5.54	42.75
Special Made to Measure Men's Suits.....	165.00	Mar. 12, 1933	11.00	1.10	12.10	17.00	4.90	40.49
READY-MADE SUITS								
Blue Serge 4-piece.....	1,320.00	Feb. 10, 1934	11.00	0.845	11.845	18.50	6.655	56.18
2 Pant Suits—Art Satin Body, Silk Sleeve lining.....	1,092.00	July 7, 1933	10.50	0.782	11.282	15.95	4.668	41.37
2 Pant Suits—according to sample.....	1,100.00	Dec. 26, 1933	11.00	0.823	11.823	17.50	5.677	48.02
2 Pant Suits—Celanese Body, silk sleeves.....	2,250.00	Sept. 6, 1933	15.00	0.982	15.982	25.00	9.018	56.43
2 Pant Suits—Stripe Worsted.....	4,150.35	Feb. 14, 1933	10.35	0.923	11.273	16.50	5.227	46.36
1 Pant Suits—Harvard.....	997.00	Oct. 4, 1933	9.50	0.593	10.093	14.95	4.857	48.12
2 Pant Suits—Harvard.....	864.00	Oct. 4, 1933	12.00	0.718	12.718	19.50	6.782	53.33
2 Pant Suits—Fancy Tweed and Worsted.....	1,575.00	July 6, 1933	10.50	0.803	11.303	16.613	5.31	46.98
2 Pant Suits—Celanese and Silk Lining.....	10,446.30	Jan. 25, 1933	15.90	1.172	17.072	28.404	11.332	66.38
2 Pant Suits—Celanese and Silk Lining.....	3,450.00	Aug. 25, 1933	12.23	0.875	13.125	20.938	7.813	59.53
2 Pant Suits—Celanese and Silk Lining.....	3,584.00	Aug. 25, 1933	16.00	1.041	17.041	28.469	11.388	66.67
2 Pant Suits.....	3,492.00	July 19, 1933	12.00	0.869	12.869	19.111	6.242	48.05
2 Pant Suits—Fancy Worsted and Blue Serge.....	3,472.00	Sept. 8, 1933	10.85	0.787	11.637	16.233	4.596	39.49
2 Pant Suits—Fancy Worsted and Tweed.....	4,202.00	July 19, 1933	11.00	0.823	11.823	16.855	5.032	42.56
2 Pant Suits—Hymn and Hairecloth.....	12,323.15	Aug. 7, 1933	12.85	0.928	13.778	20.92	7.142	51.84
2 Pant Suits—Art Silk Body, Cotton Sleeves.....	5,104.50	April 22, 1933	10.25	0.777	11.027	16.298	5.271	47.08

2 Pant Suits.....	3,337 50	Jan. 4, 1934	11.12½	0.812	11.937	17.50	5.563	46.60
OVERCOATS								
Men's and Young Men's—Art Satin Lined.....	1,183.00	Nov. 4, 1933	7.00	0.669	7.669	10.214	2.545	33.18
Men's Alpaca Pile Coats.....	2,311 50	Aug. 24, 1933	11.50	0.987	12.487	18.734	6.247	50.03
Men's Overcoats.....	2,375.00	Oct. 20, 1933	9.50	0.77	10.27	14.95	4.68	45.57
Men's Pile Coats—Lined.....	4,165 00	Sept. 1, 1933	11.90	1.026	12.926	18.50	5.574	43.12
Men's Overcoats.....	837.50	Sept. 1, 1933	12.00	0.896	12.896	20.00	7.104	55.09
Men's Overcoats.....	797.50	Sept. 1, 1933	14.50	0.90	15.40	25.00	9.60	62.34
Men's Overcoats.....	806.00	Sept. 1, 1933	15.50	1.105	16.605	25.00	8.395	50.56
Men's and Young Men's Overcoats.....	1,481 25	Oct. 24, 1933	19.75	1.44	21.19	28.50	7.31	34.50
Men's Overcoats.....	2,170 00	Oct. 23, 1933	15.50	1.25	16.75	28.50	11.75	70.15
Men's Overcoats—Heavy Art Satin three-quarter lined.....	725.00	Aug. 31, 1933	12.50	0.93	13.43	18.50	5.07	37.75
TOP COATS								
Men's Topcoats.....	460.00	April 15, 1933	10.00	0.715	10.715	16.50	5.785	53.99
Men's Topcoats.....	736 00	April 15, 1933	11.50	0.805	12.305	18.50	6.195	50.35
Men's Topcoats.....	2,944 50	Mar. 5, 1934	9.75	0.724	10.474	16.50	6.026	57.53
Men's Topcoats.....	2,763 60	Feb. 20, 1933	9.40	0.697	10.097	12.50	2.403	23.79
Blue Serge Cloth (yardage).....	1,440.00	Mar. 17, 1933	1.90	0.031	1.931	2.30	0.369	19.11
TROUSERS								
Men's Trousers.....	510.00	Jan. 10, 1933	2.55	0.179	2.729	3.95	1.221	44.74
Men's Trousers.....	190.00	Jan. 10, 1933	1.90	0.153	2.053	2.95	0.897	43.69
Men's Outing Pants.....	118.00	Feb. 3, 1933	1.18	0.136	1.316	1.75	0.434	32.98
Men's Outing Pants.....	72.00	Feb. 3, 1933	1.44	0.154	1.594	2.50	0.906	56.84
Men's Trousers, No. 93710.....	32.00	Aug. 22, 1933	3.20	0.239	3.439	5.00	1.561	45.39
Men's Trousers.....	245.00	Aug. 22, 1933	2.45	0.203	2.653	3.95	1.297	48.89
Men's Trousers.....	266.67	Jan. 30, 1933	1.33	0.083	1.413	1.95	0.537	38.00
Men's Trousers.....	98.75	Jan. 30, 1933	0.99	0.057	1.047	1.25	0.203	19.39
Men's Trousers.....	200.00	Jan. 30, 1933	2.00	0.12	2.12	2.95	0.83	39.15
OVERALLS								
Men's Overalls.....	335 00	Oct. 19, 1933	1.525	0.092	1.617	2.25	0.633	39.14
Men's Overalls.....	181.00	Oct. 19, 1933	1.508	0.091	1.599	2.25	0.651	40.71
Men's Overalls.....	274.50	Oct. 19, 1933	1.117	0.067	1.184	1.55	0.366	30.91
READY-MADE SUITS								
Men's and Young Men's Two-Pant Suits.....	1,025.00	July 19, 1933	10.25	0.774	11.024	17.50	6.476	58.74
Men's and Young Men's Two-Pant Suits.....	4,187.50	July 17, 1933	12.50	0.91	13.41	17.50	4.09	30.50
OVERCOATS								
Men's Pile Coats.....	2,337 50	Sept. 29, 1932	13.75	0.825	14.575	17.95	3.375	23.15

GENERAL NOTE.—For the year ended 11th January, 1934, the gross profit of this department, as a whole after write-downs, shortages, etc., was 39.61% on cost.

THE T. EATON CO. LIMITED—WINNIPEG STORE

MEN'S CLOTHING DEPARTMENT—213

Examples of Price Spreads on Purchases from the T. Eaton Co. Limited Factories

Description of Goods	Total Amount Ordered	Date of Invoice	Examples of Shipments				Initial Selling Price	Initial Mark-up	
			Number of Units	Unit Cost	Sales Tax Freight and Duty	Total		Amount	Percentage of Laid Down Cost
	\$		\$	\$	\$	\$	\$	\$	%
Eatonia Suits.....	1,139.00	Jan. 17, 1933	63	16.75	1.005	1,118.57	25.00	7.245	40.81
Sports Suits.....	382.50	April 11, 1933	5	12.75	0.154	64.52	20.00	7.096	54.99
Birkdale Suits.....	940.00	June 23, 1933	12	23.50	1.41	298.92	35.00	10.09	40.51
Special 2-pant Suits.....	1,369.50	Mar. 13, 1933	10	16.50	0.99	174.90	25.00	7.51	42.94
Special 2-pant Suits.....	1,323.00	June 19, 1933	8	13.50	0.81	114.48	20.00	5.69	39.76
Special 2-pant Suits.....	1,462.50	Feb. 23, 1933	14	18.75	1.12	278.25	30.00	10.13	50.98
Special 2-pant Suits.....	1,783.50	June 23, 1933	51	21.75	1.30	1,175.81	30.00	6.95	30.15
Special Made to Measure.....	150.00	July 6, 1933	3	15.00	1.27	48.82	23.00	6.73	41.36
Special Made to Measure.....	31.50	July 6, 1933	1	11.50	1.07	12.57	18.00	5.43	43.19
Special Made to Measure.....	85.75	May 25, 1933	2	12.25	1.08	26.65	19.50	6.17	46.29
Special Made to Measure.....	108.75	April 5, 1933	1	21.75	1.51	23.26	33.00	9.74	41.88
Special Made to Measure.....	153.00	April 5, 1933	1	17.00	1.32	18.32	26.50	8.18	44.65
Special Made to Measure.....	25.62	Mar. 12, 1934	1	25.62	1.96	27.58	43.50	15.92	57.72
Special Made to Measure.....	16.50	Mar. 12, 1934	1	16.50	1.41	17.91	27.50	9.59	53.54
Special Made to Measure.....	25.00	April 6, 1934	1	25.00	1.84	26.84	38.50	11.66	43.44
Special Made to Measure.....	100.00	Feb. 27, 1934	1	20.00	1.58	21.58	31.50	9.92	45.96
Special Made to Measure.....	200.00	Feb. 27, 1934	3	25.00	1.88	80.64	38.50	11.62	43.23
Special Made to Measure.....	103.25	Mar. 2, 1933	1	14.75	1.20	15.95	22.00	6.05	37.93
Special Made to Measure.....	67.50	Mar. 2, 1933	2	11.25	1.00	24.49	17.00	4.75	38.77
Men's Trousers No. 3296.....	112.50	Feb. 2, 1933	18	2.25	0.135	42.93	3.50	1.115	46.75
Men's Trousers No. 3151.....	525.00	Feb. 2, 1933	23	3.00	0.18	73.14	4.75	1.57	49.47
Men's Trousers No. 3287.....	256.00	Jan. 20, 1933	31	3.20	0.19	105.15	5.00	1.61	47.49
Men's Trousers No. 3312.....	75.75	Feb. 2, 1933	15	5.05	0.303	80.30	7.50	2.147	40.10
Men's Overcoats.....	1,250.00	Mar. 18, 1933	65	10.00	0.60	689.00	15.75	5.15	48.53
Men's Crombie Montagnac Overcoats.....	900.00	Oct. 20, 1933	30	30.00	1.80	954.00	28.50	3.30	10.38

GENERAL NOTE:—For the year ended 11th January, 1934, the gross profit of this department as a whole, after write-downs, shortages, etc., was 39.61% on cost.

THE T. EATON CO. LIMITED—WINNIPEG STORE

STATEMENT MM-14

SPECIAL COMMITTEE

THE T. EATON CO. LIMITED—WINNIPEG STORE

NEGLIGES, CORSETS, LINGERIE, WHITEWEAR, HOUSE DRESSES AND UNIFORMS—DEPARTMENT No. 219

Examples of Price Spreads

Description of Goods	Total Amount Ordered	Date of Invoice	Examples of Shipments				Initial Selling Price	Initial Mark-up	
			Unit Invoice Cost	Sales Tax Freight and Duty	Unit Cost laid down	Amount		Per cent to Cost	
Sets of Bloomer and vest, panty and brassiere	\$ 1,500 00	Nov. 4, 1933	\$ 0 625	\$ 0 045	\$ 0 67	\$ 1 00	\$ 0 33	49 25	
Bloomer set.....	537 50	Nov. 4, 1933	0 896	0 064	0 96	1 59	0 63	65 025	
Moire Robes No. 221.....	165 00	Sept. 14, 1933	5 50	0 37	5 87	9 95	4 08	69 51	
Nu-Back Clearing Corsets	587 25	Jan. 12, 1933	2 25	0 14	2 39	3 95	1 56	65 27	
Girdles.....	205 00	Jan. 12, 1933	1 83	0 13	1 96	3 95	1 99	101 53	
Special two-way stretch girdle	580 00	May 27, 1933	1 208	0 072	1 28	1 95	0 67	52 35	
Girdles.....	545 00	Dec. 15, 1933	1 67	0 10	1 77	2 89	1 12	63 28	
Corsettes.....	420 00	Dec. 15, 1933	1 67	0 33	2 00	2 89	0 89	44 50	
Special Group House Dresses	550 00	June 22, 1933	0 458	0 032	0 49	0 78	0 29	59 18	
Cotton Print Dresses—short sleeves.....	180 00	Feb. 23, 1933	0 625	0 055	0 68	1 00	0 32	47 06	
Women's Print Dresses.....	206 25	Feb. 23, 1933	0 687	0 063	0 75	1 29	0 54	72 00	
Voile Dresses—Assorted.....	714 00	May 29, 1933	1 166	0 094	1 26	1 95	0 69	54 76	
Conference Crepe House Dresses	525 00	June 26, 1933	1 25	0 08	1 33	1 95	0 62	46 62	
Conference Crepe House Dresses.....	806 25	Jan. 16, 1933	0 896	0 074	0 97	1 49	0 52	53 61	
Rayon Bloomers.....	1,875 00	Mar. 7, 1934	0 31	0 03	0 34	0 50	0 16	47 06	
Assortment—gowns, pyjamas, slips, sets, panties...	1,275 00	Jan. 17, 1934	1 06	0 07	1 13	240 at 1 95 660 at 1 59 300 at 1 00	0 38 0 61 0 34	33 63 53 51 51 51	
Eatonia Flannelette Pyjamas.....	433 50	Sept. 6, 1933	1 06	0 08	1 14	1 00			
Special Girdles.....	750 00	Jan. 11, 1934	0 625	0 035	0 66	5 95	2 27	61 68	
Special Wonderlift combination for special selling during January.....	168 00	Jan. 17, 1933	3 50	0 18	3 68	5 95	1 72	40 66	
Ladies' Assorted Moire Robes.....	400 00	Feb. 4, 1933	4 00	0 23	4 23	5 95	0 47	31 76	
Ladies' Bathrobes.....	800 00	Nov. 1, 1933	1 33	0 15	1 48	1 95	0 49	54 44	
Shaped-Top broadcloth slips.....	379 25	Nov. 29, 1933	0 85	0 05	0 90	1 39	0 63	67 33	
Slips—assorted.....	1,200 00	Feb. 27, 1934	1 00	0 01	1 01	1 59			
Assortment crepe de chine gowns, slips, pyjamas.....	1,550 00	Feb. 20, 1934	1 29	0 01	1 30	240 at 1 59 960 at 1 95	0 58	44 61	
Assortment of stripe gowns, sets, teddies, pyjamas....	940 00	Dec. 9, 1933	0 98	0 01	0 99	1 59	0 60	60 61	
Assortment of gowns, slips, teddies, sets.....	2,900 00	Aug. 23, 1933	1 21	0 01	1 22	1 95	0 73	59 84	
Crepe de chine collection—sale lot.....	1,525 00	Nov. 24, 1933	1 27	0 01	1 28	1 95	0 67	52 34	

Ladies' Vests.....	165.00	Sept. 20, 1933	0.69	.....	0.69	87 at 0.50 38 at 0.65 52 at 1.00 62 at 1.50 6 at 1.25 120 at 0.95 1,320 at 1.00	0.21	30.43
Cotton Print Dresses.....	900.00	Mar. 21, 1933	0.625	0.055	0.68	1,320 at 1.00	0.31	45.59
Eatonia Flannelette Pyjamas.....	351.00	Sept. 27, 1933	1.08	0.09	1.17	1.75	0.58	49.57
Braemore Flannelette Gowns.....	300.00	Aug. 14, 1933	0.625	0.035	0.66	1.00	0.34	51.51
Braemore Flannelette Gowns.....	253.75	Aug. 14, 1933	0.60	0.07	0.67	1.00	0.33	49.25
Satin groups—Gowns and panties.....	1,950.00	Sept. 25, 1933	1.625	0.115	1.74	150 at 2.95		45.40
House Dresses.....	825.00	Feb. 22, 1933	0.625	0.035	0.66	61 at 1.49	0.79	51.51
Eatonia Cotton Vests.....	87.50	July 6, 1933	0.29	0.03	0.32	0.50	0.18	56.25
Eatonia Rayon.....	67.50	July 14, 1933	0.56	0.04	0.60	1.00	0.40	66.67
Braemore Rayon.....	1,422.00	Mar. 20, 1934	0.50	0.04	0.54	0.79	0.25	46.30
Corsets and "Corsettes "Western Miss".....	333.25	Oct. 19, 1933	0.646	0.074	0.72	1.00	0.28	38.89
Special Group—Gowns, slips, sets, pyjamas, teddies.....	600.00	Sept. 26, 1933	0.50	0.03	0.53	0.79	0.26	49.05
Regular \$14.50 to \$21.00 values Special Group—Assorted materials Wash Frocks.....	358.75	April 28, 1933	0.625	0.045	0.67	1.00	0.33	49.25
Irish Linen Dresses.....	240.00	May 18, 1933	0.67	0.05	0.72	1.00	0.28	38.89
White Hoover and White Uniforms.....	75.00	April 29, 1933	0.625	0.055	0.68	1.00	0.32	47.06
Print Voile Dresses.....	262.50	May 22, 1933	0.625	0.055	0.68	1.00	0.32	47.06
Ladies' Pyjamas.....	112.50	May 8, 1933	0.625	0.055	0.68	1.00	0.32	47.06
Printed B.C. and Glendale Dresses.....	225.00	June 3, 1933	0.625	0.055	0.68	1.00	0.32	47.06
White Uniforms.....	112.50	May 15, 1933	0.625	0.056	0.69	1.00	0.31	44.93
Slips—Assorted.....	1,200.00	Dec. 13, 1933	1.00	0.01	1.01	1.69	0.68	67.33
Pyjamas, Gowns, Slips.....	880.00	Mar. 7, 1933	1.83	0.11	1.94	2.95	1.01	52.06
Sets, Teddies.....	300.00	Mar. 7, 1933	1.25	0.08	1.33	1.95	0.62	46.52

GENERAL Note.—For the year ended 11th January 1934, the gross profit of this department as a whole after write-downs shortages, etc. was 44.21% on cost.

THE T. EATON CO. LIMITED—WINNIPEG STORE

ECONOMY SELF SERVICE WOMEN'S GARMENTS—DEPARTMENT 272—EXAMPLES OF PRICE SPREADS

Description of Goods	Total Amount Ordered	Date of Invoice	Unit Invoice Cost	Sales Tax and Freight	Unit Cost laid down	Initial Selling Price	Initial Mark-up	
							Amount	Percentage to Cost
	\$		\$	\$	\$	\$	\$	
Women's print house dresses.....	415.00	Mar. 10, 1934	0.35	0.03	0.38	0.49	0.11	31.05
{Clearing Group.....	2,800.00	July 7, 1933	1.238	0.098	1.34	1.98		
						505		
						62		
						1,265		
						518		
{Clearing Group.....	940.00	July 6, 1933	2.12	0.01	2.13	1.98	0.78	36.53
						87		
						93		
						288		
{Clearing Group.....	510.00	July 6, 1933	1.80	0.017	1.817	2.59	0.773	42.54
{Clearing Group Dresses.....	782.07	Aug. 25, 1933	1.987	0.013	2.00	2.98	0.97	48.50
						17		
						93		
						222		
						83		
						21		
Cotton Pique Rough Mesh—Special.....	1,060.50	June 27, 1933	0.927	0.013	0.94	1.28	0.34	36.17
{Clearing lot Summer Dresses—Cotton Meshes.....	318.00	May 27, 1933	1.06	0.01	1.07	1.49	0.42	39.25
{Clearing lot Summer Dresses—Novelty Cottons.....	306.00	May 27, 1933	1.32	0.02	1.34	1.49	0.15	11.19
{1,035 Suits.....	74.20	May 27, 1933	2.65		2.65	3.88	1.23	46.41
{Printed Coats.....	237.50	May 27, 1933	0.839	0.017	0.856	1.00	0.144	16.82
Celasilk Celanese Pastel Dresses.....	2,212.50	April 17, 1933	1.987	0.013	2.00	2.88	0.88	44.00
{Clearing Group Printed Voile Dresses.....	1,495.00	April 29, 1933	1.01	0.016	1.026	1.49	0.464	45.22
{Clearing Group Wool Dresses.....	375.00	Nov. 23, 1933	1.25	0.10	1.35	30		
						144		
						126		
Women's Print House Dresses—Assorted.....	1,275.00	April 11, 1933	0.35	0.0375	0.3875	0.49	0.1025	26.45
{Clearing Group Voile Dresses.....	2,000.00	July 20, 1933	0.83	0.063	0.893	1.49	0.274	30.68
						10		
						1,586		
Celanese Dresses—Assorted.....	937.50	Aug. 1, 1933	1.88	0.18	2.06	2.88	0.82	39.80
{Assorted Linen Dresses.....	750.00	May 22, 1933	0.625	0.055	0.68	0.98	0.30	44.12
{Real and Artificial Silk Print Dresses.....	1,040.00	Feb. 10, 1933	2.60	0.22	2.82	3.95	1.13	40.07
{Clearing Group Assorted House Dresses.....	1,373.10	July 13, 1933	0.46	0.035	0.495	336		
						612		
Printed Rayon Pique Dresses.....	774.00	June 22, 1933	1.29	0.09	1.38	1.79	0.41	29.71
{Celanese Ondese Toped Rough Weave Dresses.....	1,000.00	Feb. 27, 1933	2.50	0.19	2.69	3.69	1.00	37.17

Blanket Cloth Coats.....	1,875.00	Oct. 19, 1933	6.25	0.375	6.625	7.95	1.325	20.00
Spring Coats.....	495.00	Feb. 27, 1933	5.50	0.33	5.83	7.95	2.12	36.36
Long Sleeve Printed Dresses.....	309.60	Feb. 1, 1933	1.29	.....	1.29	1.95	0.66	51.16
Plain Silkknit.....	315.00	Feb. 1, 1933	0.75	.....	0.75	1.00	0.25	33.33
Assorted Long Sleeve.....	600.00	Feb. 1, 1933	2.00	.....	2.00	2.95	0.52	26.00
Assorted Crinkle Dresses.....	825.00	Jan. 16, 1933	2.75	0.207	2.957	4.50	1.543	52.18
Clearing Group Long Sleeve Sunday night dress.....	400.00	Oct. 26, 1933	2.00	0.18	2.18	4.75	0.41	18.79
Wool Polo Coats—two-year lining.....	156.00	April 3, 1934	6.60	0.36	6.36	73	2.59	40.56
All wool Tweed Coat, Sateen lined.....	1,400.00	Mar. 27, 1933	3.50	0.21	3.71	8.95	1.29	34.77
Clearing Group Dresses Assorted.....	1,181.25	Sept. 29, 1933	3.75	0.26	4.01	314	1.66	41.39
Clearing lot of regular dresses.....	954.50	Jan. 24, 1933	2.87½	0.245	3.12	1	1.36	43.59
Women's Celanese Dresses.....	525.00	June 9, 1933	1.75	0.10	1.85	4.48	0.54	29.18
Rough Crepe Winter Coats—Rayon Lining.....	950.00	Sept. 5, 1933	9.50	0.57	10.07	14.95	4.88	48.46
Special lot of 1932 Spring Coats.....	1,270.75	Jan. 9, 1933	4.25	0.25	0.40	50	1.99	44.22
Durable printed cotton dresses.....	319.20	April 13, 1933	1.33	0.08	1.41	102	0.47	33.33
Assorted Dresses.....	115.00	April 13, 1933	0.96	0.05	1.01	66	0.38	37.62
Assorted Crepe Dresses.....	1,000.00	Feb. 13, 1934	2.00	0.18	2.18	74	0.80	36.69
Clearing Group Misses Dresses.....	437.50	Oct. 19, 1933	3.50	0.308	3.808	12.95	0.942	24.74
Sunday night Sheer Dresses.....	120.00	Nov. 21, 1933	3.00	0.27	3.27	4.75	1.48	45.26
Special Group Crepe Dresses.....	350.00	Oct. 11, 1933	3.50	0.31	3.81	4.75	0.94	24.67

GENERAL NOTE.—For the year ended 11th January 1934 the gross profit of this department as a whole after write-downs, shortages, etc., was 26.41% on cost.

STATEMENT NO. MM-20

THE T. EATON CO. LIMITED--WINNIPEG STORE

WASHING MACHINES--DEPARTMENT 275

Examples of Price Spreads

Description of Goods	Total Amount Ordered	Date of Invoice	Examples of Shipments			Initial Selling Price	Initial Mark-up	
			Unit Invoice Cost	Sales Tax and Freight	Unit Cost laid down		Amount	Per cent to Cost
	\$		\$	\$	\$	\$	\$	
"Tecoway" Washers.....	502 20	Feb. 23, 1933	41.85	1.80	43.65	64 50	20 85	47.77
Model C. P. Washers with Pump.....	1,800 00	Mar. 15, 1934	50 00	2.67	52.67	69.00	16.33	31.00
Model C. P. Washers less Pump.....	405 00	Mar. 15, 1934	45.00	2.95	47.93	69.00	21.07	43.96
Model S. B. Washers.....	1,267 50	Nov. 25, 1933	42.25	2.29	44.54	69.00	24.46	54.91
Washrite Machines.....	1,987 50	Oct. 31, 1933	39.75	.....	39.75	58.00	18.25	45.91
"Ace" Type Washers with "Princess" name.....	585 00	Sept. 15, 1933	39.00	.....	39.00	59.50	20.50	52.56
Standard "Ace" Washers.....	390 00	Sept. 19, 1933	39.00	.....	39.00	59.50	20.50	52.56
Miss Simplicity Washing Machines.....	1,025 00	July 21, 1933	41.00	.....	41.00	68.75	27.75	67.68
"Empire" 60 Cycle Electric Washers.....	920 00	Mar. 29, 1933	40.00	.....	40.00	59.75	19.75	49.37
S. B. Whirlpool Washers.....	424 00	Feb. 22, 1934	42.40	2.72	45.12	69.00	23.88	52.92
F. Coffield Washers.....	237 00	Feb. 22, 1934	47.40	2.72	50.12	109.00	58.88	117.47
G. Coffield Washers.....	179 20	Feb. 22, 1934	59.40	2.72	62.12	129.00	66.88	107.66
S. M. Coffield Washers.....	140 00	Feb. 22, 1934	70.00	2.73	72.73	139.50	66.77	91.80
Merit Electric Washers.....	2,100 00	April 20, 1933	42.00	.....	42.00	9 at 85.00 10 at 67.50	33.79	80.45
"Favorite" Washers.....	585 00	Aug. 31, 1933	39 00	.....	39.00	58.50	19.50	50.00
"Eatonia" Washers.....	354 00	Aug. 25, 1933	59.00	.....	59.00	98.00	39.00	66.10
Special Imperial Gyrotator Washer.....	321 00	Dec. 15, 1933	53.50	.....	53.50	88.00	34.50	64.48
Laurel Electric Washers, wooden tub.....	675 00	Mar. 7, 1933	27.00	.....	27.00	43.50	16.50	61.11
Model C. P. Machines.....	107.74	Feb. 9, 1933	53.87	.....	53.87	83.50	29.63	55.00
Lucerne Electric Ironer.....	70 00	Jan. 28, 1933	70.00	.....	70.00	99.00	29.00	41.43
Lady May Washer (Damaged).....	40 00	Jan. 28, 1933	40.00	.....	40.00	69.75	29.75	74.37

GENERAL NOTE:—For the year ended 11th January, 1934, the gross profit of this department as a whole after write-downs, shortages, etc., was 51.56% on cost.

THE T. EATON CO. LIMITED—WINNIPEG STORE
TIRES AND TUBES DEPARTMENT—276
Examples of Price Spreads

PRICE SPREADS AND MASS BUYING

3435

Description of Goods	Total Amount Ordered	Date of Invoice	Examples of Shipments			Initial Selling Price	Initial Mark-up	
			Unit Invoice Cost	Excise Tax, Sales Tax, Freight and Duty	Unit Cost laid down		Amount	Per cent to Cost
	\$		\$	\$	\$	\$	\$	
Hereules Std. 4 Ply Tires 440-21.....	193.20	Mar. 2, 1933	6.44	.....	6.44	7.95	1.51	23.45
Hereules Std. 4 Ply Tires 500-19.....	135.00							
Bulldog 6 Ply Heavy Duty Tires 475-19.....	91.90	Mar. 7, 1933	9.19	.....	9.19	11.10	1.91	20.78
Bulldog 6 Ply Heavy Duty Tires 525-21.....	181.80	Mar. 7, 1933	12.12	.....	12.12	14.65	2.53	20.87
Bulldog Std. 4 ply Tires 450-21.....	302.85	Mar. 7, 1933	6.73	.....	6.73	8.15	1.42	21.09
Bulldog Std. 4 ply Tires 500-19.....	80.30	Mar. 7, 1933	8.03	.....	8.03	9.70	1.67	20.79
Eatonia 4 ply Std. Tires 450-21.....	228.80	Mar. 7, 1933	5.72	.....	5.72	6.90	1.18	20.63
Eatonia 4 ply Std. Tires 525-18.....	76.90	Mar. 7, 1933	7.69	.....	7.69	9.25	1.56	20.28
Eatonia 6 ply Heavy Duty Tires 475-19.....	28.45	April 18, 1933	5.98	.....	5.98	7.85	1.87	31.27
Eatonia 6 ply Heavy Duty Tires 600-20.....	70.00	Mar. 7, 1933	14.00	.....	14.00	16.95	2.95	21.07
Perfection Std. 4 ply Heavy 29 x 440/21.....	47.03	April 17, 1933	4.70	0.233	4.933	6.15	1.217	24.67
Perfection Std. 4 ply Heavy 29 x 500/19.....	53.532	April 26, 1933	5.335	0.262	5.597	7.45	1.853	33.11
Perfection Std. 6 ply Heavy 30 x 450/21.....	104.36	April 26, 1933	6.957	0.341	7.298	8.95	1.652	22.63
Perfection Std. 6 ply Heavy 30 x 500/20.....	55.00	April 26, 1933	5.50	0.27	5.77	7.65	1.88	32.38
Balto Std. 4 ply 29 x 440.....	140.53	June 22, 1933	4.015	0.290	4.305	4.75	0.445	10.33
Balto Std. 4 ply 30 x 500.....	55.00	June 22, 1933	5.50	0.37	5.87	6.75	0.88	14.99
All Year Tires 4 ply 29 x 440/21.....	931.61	Mar. 26, 1934	3.413	0.289	3.702	4.65	0.947	25.57
All Year Tires 4 ply 29 x 500/19.....	268.61	Mar. 26, 1934	4.713	0.350	5.063	6.45	1.387	27.39
All Year Tires 6 ply 30 x 450/21.....	277.06	Mar. 26, 1934	5.037	0.390	5.427	6.95	1.523	28.06
Road Gripper 4 ply 29 x 440/21.....	654.75	June 24, 1933	2.91	1.99	4.90	6.45	1.55	31.63
Road Gripper 4 ply 29 x 500/19.....	384.00	June 24, 1933	3.84	2.626	6.466	8.75	2.284	35.32
Road Gripper 6 ply 29 x 500/19.....	510.00	June 24, 1933	5.10	3.488	8.588	10.95	2.362	27.50
Road Gripper 6 ply 29 x 550/19.....	189.90	June 24, 1933	6.33	4.332	10.662	13.85	3.188	29.90
Clin Trojan Casing 30 x 3½.....	192.24	Aug. 2, 1933	3.204	0.24	3.444	2.95	0.494	14.34
Airtight Red Tubes 30 x 3½.....	17.14	June 2, 1933	0.476	0.05	0.526	0.58	0.054	10.26
Airtight Red Tubes 29 x 50/4.75.....	7.73	June 2, 1933	0.664	0.06	0.704	0.85	2.146	20.73
Niagara Tubes 29 x 500/5.25-28/5.25.....	26.53	June 2, 1933	1.105	0.07	1.175	1.35	0.175	14.89

GENERAL NOTE:—For the year ended 11th January 1934, the gross profit of this Department as a whole after write-downs, shortages, etc., was 22.67% on cost.

STATEMENT MM-24

THE T. EATON CO. LIMITED—WINNIPEG STORE
PATENT MEDICINES, SOAPS AND TOILET GOODS—DEPARTMENT NO. 206—EXAMPLES OF PRICE SPREADS

Description of Goods	Total Amount Ordered	Date of Invoice	Examples of Shipments			Initial Selling Price	Initial Mark-up	
			Unit Invoice Cost	Sales Tax and Freight	Unit Cost laid down		Amount	Per cent to Cost
	\$		\$	\$	\$	\$	\$	%
Baby's Own Soap.....	255 00	July 25, 1933	0 071	.....	0 071	0 09	0 019	26 76
B.B. Pal featherweight support.....	3 94	April 5, 1933	0 33	.....	0 33	0 75	0 42	127 27
B.B. Pal medium.....	6 36	April 5, 1933	0 53	.....	0 53	1 25	0 72	135 84
Celco 12's.....	900 00	June 14, 1933	0 125	0 0154	0 1404	0 225	0 0846	60 25
Colgate Tooth Paste.....	2 460 00	Mar. 25, 1933	0 157	.....	0 157	0 37	0 093	59 23
Dodds Kidney Pills.....	615 00	Oct. 16, 1933	0 285	0 017	0 302	0 37	0 068	22 51
Eton Speedy Film No. 27, No. 20.....	3 900 00	July 20, 1933	0 125	0 006	0 131	0 20	0 069	52 67
Eton Speedy Film No. 27, No. 16.....	3 000 00	July 20, 1933	0 15	0 0075	0 1575	0 25	0 0925	58 73
Eton Speedy Film No. 27, No. 22.....	412 50	July 20, 1933	0 275	0 01375	0 28875	0 45	0 16125	55 84
Fruitatives—large.....	444 00	Feb. 16, 1934	0 308	.....	0 308	0 333	0 025	8 11
Equalizer Kotex.....	2 772 00	June 17, 1933	0 189	.....	0 192	0 246	0 054	28 12
Kotex—Phantom.....	3 091 68	Feb. 23, 1933	0 155	.....	0 162	0 27	0 081	42 85
Listerine Tooth Paste.....	810 00	Feb. 15, 1933	0 354	0 0062	0 354	0 50	0 146	41 24
Marchands Golden Hair Wash, 4 oz.....	51 00	Jan. 18, 1933	0 78	0 05	0 83	1 00	0 17	20 48
Lydia Pinkham's Vegetable Compound.....	1 080 00	Aug. 8, 1933	0 192	.....	0 192	0 266	0 074	38 54
Cuticura Soap.....	132 50	Mar. 30, 1933	0 781	.....	0 781	0 98	0 199	25 48
Absorbine Jr., small.....	224 91	Jan. 25, 1933	1 56	.....	1 56	1 96	0 40	25 64
Absorbine Jr., large.....	112 46	Jan. 25, 1933	0 735	0 037	0 772	0 98	0 203	26 94
Burdock Blood Bitters.....	210 40	April 7, 1933	0 20	0 01	0 21	0 33	0 12	57 14
Dr. Thomas Electric Oil.....	36 00	July 25, 1933	0 676	.....	0 676	0 79	0 114	16 86
Enos Fruit Salts, H.H. size.....	10 627 20	Aug. 22, 1933	0 676	.....	0 6937	0 79	0 0963	13 88
Enos Fruit Salts, H.H. size.....	10 627 20	Nov. 21, 1932	0 6937	.....	0 865	1 12	0 255	29 48
Wincarnis, 16 oz.....	200 10	Sept. 15, 1933	0 865	.....	0 865	0 85	0 224	35 78
Scott's Emulsion, large 12 s.....	902 00	Oct. 2, 1933	0 626	.....	0 626	0 85	0 203	69 49
Contract Order for Cairo Palm Soap.....	10 375 00	April 10, 1933	0 0205	.....	0 0205	0 05	0 023	56 61
Eaton's Shaving Cream.....	144 00	July 27, 1933	0 10	0 0277	0 1277	0 20	0 0723	42 85
Herpicide, small.....	5 92	April 17, 1933	0 49	.....	0 49	0 70	0 21	42 85
Thermogene, small.....	14 58	April 27, 1934	0 405	.....	0 405	0 45	0 045	11 11
Uratabs.....	26 25	April 28, 1934	0 73	.....	0 73	1 00	0 27	36 98
Palmolive.....	972 00	Aug. 29, 1933	0 053	.....	0 053	0 08	0 027	50 94
Fels Naphtha Soap.....	1 632 50	April 21, 1933	0 0653	.....	0 0653	0 079	0 0137	20 98
Life-buoy Soap, 100's.....	5 165 48	Aug. 2, 1933	0 0626	.....	0 0626	0 083	0 0204	32 58
Lux, 20's.....	1 006 80	Aug. 2, 1933	0 1747	.....	0 1747	0 250	0 0753	43 10
Lux, 72's.....	6 535 00	Aug. 2, 1933	0 0756	.....	0 0756	0 100	0 0244	32 27
Lux Toilet Soap, 72's.....	8 320 00	Aug. 2, 1933	0 0578	.....	0 0578	0 083	0 0252	43 59
Sunlight Soap, 100's.....	1 330 55	July 29, 1933	0 0462	.....	0 0462	0 0588	0 0126	27 27
Sunlight Soap, 96's.....	2 968 00	July 29, 1933	0 0385	.....	0 0385	0 0526	0 0141	36 62
Royal Crown Soap, big 60's.....	300 00	Mar. 31, 1934	0 0476	.....	0 0476	0 0625	0 0149	31 30
Pearl White Naphtha, 100's.....	308 00	Aug. 23, 1933	0 0308	.....	0 0308	0 035	0 0042	13 63
Ovaltine, large.....	1 078 99	Aug. 16, 1933	0 749	.....	0 749	1 09	0 341	45 52
Philips Milk of Magnesia.....	229 50	July 20, 1933	0 318	0 018	0 336	0 39	0 054	16 07

GENERAL NOTE.—For the year ending 11th January 1934 the gross profit of this department as a whole after write-downs, shortages, etc., was 34.97 per cent on cost.

MEATS AND FISH—DEPARTMENT NO. 230—EXAMPLES OF PRICE SPREADS

Description of Goods	Total Amount Ordered	Date of Invoice	Examples of Shipments			Initial Selling Price	Initial Mark-up	
			Unit Invoice Cost	Sales Tax and Freight	Unit Cost laid down		Amount	Per cent to Cost
	\$		\$	\$	\$	\$	%	
MISCELLANEOUS								
Pork loins.....	58.52	Dec. 30, 1933	0.1275	.....	0.1275	0.0725	56.86
Pork legs.....	41.44	Dec. 30, 1933	0.1275	.....	0.1275	0.0625	49.02
Pork butts.....	30.24	Dec. 30, 1933	0.105	.....	0.105	0.0750	71.42
Devon sliced bacon $\frac{1}{2}$ S.....	100.00	Sept. 16, 1933	0.10	.....	0.10	0.04	40.00
Maple Leaf cooked hams x.....	35.75	Sept. 16, 1933	0.25	.....	0.25	0.15	60.00
Maple Leaf lard, 60 x 1/S.....	168.00	Jan. 6, 1934	0.08	.....	0.08	0.05	62.50
Pork loins.....	81.00	Jan. 6, 1934	0.15	.....	0.15	0.05	33.33
Pork tenderloin.....	205.20	Jan. 8, 1934	0.135	.....	0.135	0.095	70.37
Veal rolls.....	115.67	Sept. 16, 1933	0.055	.....	0.055	0.025	45.45
Cooked hams.....	29.25	Sept. 15, 1933	0.25	.....	0.25	0.15	60.00
Sliced back bacon.....	28.75	Sept. 15, 1933	0.23	.....	0.23	0.09	39.12
Bunge Cottage Rolls.....	15.20	Sept. 15, 1933	0.16	.....	0.16	0.02	12.50
CARCASS BEEF								
Beef Carcass, Lot 882, standard grade.....	145.02	Mar. 23, 1934	0.065	.....	0.065	0.031	47.69
“ “								

*Prices computed on basis shown in Statements 230-1A and 230-1B.

GENERAL NOTE.—For the year ended 11th January 1934 the gross profit of this department as a whole after write-downs, shortages, etc., and before workroom cost was 37.75 per cent on cost.

THE T. EATON CO. LIMITED—WINNIPEG STORE

GROCERY BUYING OFFICE—DEPARTMENT No. 3024—EXAMPLES OF PRICE SPREADS

Description of Goods	Total Amount Ordered	Date of Invoice	Examples of Shipments			Initial Selling Price	Initial Mark-up	
			Unit Invoice Cost	Sales Tax Freight and Duty	Unit Cost laid down		Amount	Per cent to Cost
	\$		\$	\$	\$	\$	\$	%
Treripe Keiffer Pears.....	510.00	May 15, 1933	0.85	0.226	1.076	1.56	0.484	44.9
Standard Peas—No. 4 Sieve.....	2,240.00	May 20, 1933	0.80	0.227	1.027	1.56	0.533	51.9
Treripe Keiffer Pears.....	3,400.00	Feb. 2, 1933	0.85	0.221	1.071	1.56	0.489	45.66
Standard Bartlett Pears.....	4,800.00	July 5, 1933	0.80	0.232	1.032	1.56	0.528	51.16
Breakfast Cocoa—approx. 22% butter-fat content.....	1,500.00	Aug. 31, 1933	0.075	.....	0.075	0.11	0.035	46.66
Breakfast Cocoa—approx. 22% butter-fat content.....	1,500.00	Jan. 16, 1934	0.075	.....	0.075	0.11	0.035	46.66
Kinney's Choice Tomatoes.....	1,750.00	Nov. 6, 1933	0.873	0.309	1.182	1.68	0.498	42.13
Queen's Gra-vee (12 doz. gravy salt free).....	21.80	Aug. 1, 1933	0.151	.....	0.151	0.22	0.069	45.7
Sun Maid Puffed Raisins (seeded).....	750.00	Sept. 7, 1933	0.03	0.0642	0.0942	0.15	0.0558	59.24
V. C. Brand Pineapple.....	4,320.00	Mar. 27, 1933	1.35	0.166	1.516	1.92	0.404	26.65
Eagle Brand Milk.....	208.75	July 27, 1933	8.35	.....	8.35	11.04	2.69	32.22
St. Charles—Tall.....	1,125.00	July 27, 1933	3.75	.....	3.75	5.28	1.53	40.8
Boyril—16 oz.....	569.20	July 26, 1933	17.51	.....	17.51	22.76	5.25	29.98
Aylmer Tomato Juice 1's.....	12.00	June 13, 1933	0.60	.....	0.60	0.84	0.24	40
Aylmer Tomato Juice 2's squat.....	45.12	June 13, 1933	0.902	.....	0.902	1.32	0.418	46.34
Aylmer Fancy Peas 2's.....	150.00	July 7, 1933	1.25	0.241	1.491	2.04	0.549	36.82
Aylmer Soups (On contract for 5,000 cases at \$0.90 and \$1.00 per dozen).....	402.50	Nov. 10, 1932	0.875	.....	0.875	1.20	0.325	37.14
Lynn Valley Std. Peaches.....	7,500.00	June 20, 1933	1.25	0.255	1.505	2.16	0.655	43.52
Choice Tomatoes (On contract for 23,875 cases of fruit and vegetables).....	8,250.00	Nov. 7, 1933	0.825	0.229	1.054	1.18	0.126	11.95
Choice Peas—Aylmer No. 4.....	4,000.00	Mar. 9, 1933	1.00	0.222	1.222	1.56	0.338	27.66
Wagstaffe Strawberry Jam.....	2,250.00	Aug. 1, 1933	4.50	0.767	5.267	7.08	1.813	34.42
Clark's Pork and Beans 2's.....	757.73	June 28, 1933	0.758	.....	0.758	1.08	0.322	42.48
Chef Pork and Beans.....	1,425.00	Aug. 14, 1933	0.475	0.085	0.56	0.84	0.28	50.00
C. & B Catsup (2 bottles free with 1 doz.).....	1,764.00	Aug. 22, 1933	1.50	.....	1.50	2.52	1.02	68.00
C. & B Beans.....	337.50	Feb. 12, 1934	0.75	.....	0.75	1.20	0.45	60.00
C & B Tomato Soup (1 case free with each 5 cases purchased).....	340.00	Mar. 17, 1934	0.708	.....	0.708	1.20	0.492	69.49
C & B Vegetable Soup (1 case free with 10).....	1,955.00	May 27, 1933	0.889	.....	0.889	1.20	0.311	34.98
Campbell's Tomato Soup (1 case free with 5).....	4,057.20	Aug. 8, 1933	3.381	.....	3.381	4.80	1.419	41.97
Carnation Milk—Talls.....	1,500.00	July 27, 1933	3.75	.....	3.75	5.28	1.53	40.8

Gingerbread Molasses.....	161.25	Sept. 22, 1933	3.225	.....	3.225	4.56	1.335	41.39
Del Maiz Corn No. 303.....	2,300.00	Nov. 18, 1932	1.15	0.186	1.336	1.92	0.584	43.71
Junket Powder (1 doz. free with 12).....	246.24	July 26, 1933	0.997	.....	1.997	1.50	0.503	50.45
Red pitted Cherries in Heavy Syrup.....	1,275.00	May 11, 1933	0.85	0.221	1.071	1.50	0.429	40.06
Tomato Ketchup (large).....	352.00	June 19, 1933	1.76	.....	1.76	2.40	0.64	36.36
Cream of Tomato Soup.....	598.40	June 19, 1933	0.748	.....	0.748	1.20	0.452	60.43
No. 136 Kellogg's Corn Flakes.....	6,500.00	Aug. 22, 1933	2.60	.....	2.60	3.60	1.00	38.46
Libby's Fancy Tomato Juice (1 case free with 10).....	720.00	April 17, 1934	0.818	.....	0.818	1.20	0.382	46.70
Libby's Pork and Beans.....	3,375.00	May 25, 1933	0.75	.....	0.75	0.96	0.21	28.00
Excelsior Dates (2 cases free with 25).....	3,250.00	Sept. 15, 1933	3.01	.....	3.01	4.32	1.131	43.52
Jasper Strawberry Jam (on 2,000 case contract).....	1,150.00	Mar. 10, 1933	3.75	0.628	4.378	6.36	1.982	45.27
Ontario 1931 ('cheddar' (Total order for 400 boxes).....	1,494.44	Jan. 23, 1933	0.1675	.....	0.1675	0.335	1.675	100.00
Choice Tomatoes 2 1/2's (Dove).....	5,250.00	Mar. 9, 1933	0.875	0.335	1.21	1.68	0.47	38.84
Rowntree's Cocoa 1/2's.....	897.34	Mar. 2, 1933	1.951	.....	1.951	2.76	0.809	41.46
Royal Yeast Cakes.....	91.08	June 14, 1933	0.607	.....	0.607	0.96	0.353	58.15
Magic Baking Powder.....	117.99	June 14, 1933	1.966	.....	1.966	2.88	0.914	46.49
London Corn Starch.....	285.12	July 3, 1933	0.071	.....	0.071	0.11	0.039	54.93
Beehive Syrup (2's).....	395.38	July 3, 1933	3.163	.....	3.163	4.32	1.157	36.58
St. Williams Strawberry Jam.....	900.00	Sept. 19, 1933	4.50	0.785	5.285	7.08	1.795	33.96
Cottage Brand Apple and Strawberry Jam.....	1,080.00	Sept. 18, 1933	3.60	0.732	4.332	5.88	1.548	35.73
McCorlee Brand Choice Tomatoes.....	3,400.00	Oct. 3, 1933	0.85	0.303	1.153	1.68	0.527	45.71
Vi-Tone 16 oz. (1,440 jig-saw puzzles free).....	591.60	Mar. 21, 1933	4.93	0.281	5.211	6.60	1.389	26.65
Ivy Brand Refugee Green Beans.....	1,470.00	April 10, 1933	1.05	0.223	1.273	1.80	0.527	41.40
Wetthey's Green Label Strawberry Jam.....	2,000.00	June 23, 1933	4.00	0.76	4.76	7.08	2.32	48.74

THE T. EATON CO., LIMITED—WINNIPEG STORE

GROCERIES—DEPARTMENT 224—EXAMPLES OF PRICE SPREADS

Description of Goods	Total Amount Ordered	Date of Invoice	Examples of Shipments			Initial Selling Price	Initial Mark-up	
			Unit Invoice Cost	Sales Tax and Freight	Unit Cost laid down		Amount	Percent-age to Cost
	\$		\$	\$	\$	\$	\$	
Fine Granulated—100's.....	1,467.75	Mar. 8, 1933	4.89	.....	4.89	5.65	0.76	15.54
Fine Granulated—5/20's.....	1,035.50	Mar. 8, 1933	5.18	.....	5.18	5.75	0.57	11.00
Fine Granulated—10/10's.....	2,660.00	Mar. 8, 1933	5.32	.....	5.32	6.00	0.68	12.78
Fine Granulated—100's.....	1,067.00	May 10, 1934	5.035	2.00	7.035	7.65	0.615	8.74
Fine Granulated—100's.....	1,453.50	Mar. 1, 1933	4.845	.....	4.845	5.65	0.805	16.61
Fine Granulated—100's.....	1,567.50	June 7, 1933	5.225	2.00	7.225	7.65	0.425	5.88
Ex. Fine Granulated—5/20's.....	1,102.00	June 30, 1933	5.51	2.00	7.51	8.00	0.49	6.52
Ex. Fine Granulated—10/10's.....	1,130.50	June 30, 1933	5.05	2.00	7.05	8.30	0.65	8.49
Eatonia Flour—98's.....	70.00	Mar. 20, 1933	2.80	.....	2.80	4.10	1.30	46.43
Eatonia Flour—49's.....	14.75	Mar. 20, 1933	2.95	.....	2.95	4.20	1.25	42.37
Green Seal Flour—98's.....	62.50	Mar. 21, 1933	2.50	.....	2.50	3.90	1.40	56.00
Purity Flour—98's.....	21.50	May 2, 1933	4.30	.....	4.30	4.90	0.60	13.95
Purity Flour—24's.....	28.50	May 2, 1933	4.75	.....	4.75	5.60	0.85	17.89
Kraft Canadian—24½'s.....	29.75	July 10, 1933	0.124	.....	0.124	0.18	0.056	45.16
Kraft Canadian—½'s.....	118.25	Feb. 2, 1934	0.0985	.....	0.0985	0.10	0.0015	1.52
Chateau—½'s.....	148.75	April 22, 1933	0.124	.....	0.124	1.66 at 0.125	Ave. 0.048	38.71
Chateau—1's.....	206.72	April 22, 1933	0.23	.....	0.23	1,034 at 0.18	0.004	1.74
Baumert Cheese.....	20.70	Feb. 17, 1933	0.075	.....	0.075	370 at 0.21	0.025	33.33
Premium Biscuits.....	7.22	Feb. 27, 1933	1.804	.....	1.804	530 at 0.25	0.476	26.38
Arrowroot.....	8.66	Feb. 27, 1933	0.222	.....	0.222	0.10	0.098	44.14
Butter Wafers.....	4.16	Feb. 27, 1933	4.16	.....	4.16	0.32	1.24	29.81
Sodas.....	21.60	Feb. 27, 1933	1.08	.....	1.08	5.40	0.22	20.37
Oatmeal Cookies.....	57.23	April 24, 1933	0.14	.....	0.14	1.30	0.04	28.57
Sunwheat—12's.....	2.04	April 24, 1933	2.04	.....	2.04	0.18	0.96	47.05
Invincible Jelly Powders.....	149.60	April 4, 1933	0.499	.....	0.499	0.60	0.101	20.24
Eclipse Jelly Powder.....	17.85	Aug. 28, 1933	0.458	.....	0.458	36 at 0.72	Ave. 0.271	59.17
Spirit vinegar.....	140.54	Aug. 24, 1933	0.32	.....	0.32	3 at 0.84	0.13	40.62
Malt vinegar.....	68.50	Aug. 24, 1933	0.48	.....	0.48	0.45	0.17	35.41
Libby Sweet Midgets.....	92.50	April 22, 1933	92.50	0.35	92.85	128.00	35.15	37.85

GENERAL NOTE.—For the year ended 11th January, 1934 the gross profits of this department as a whole, after write-downs, shortages, etc., was 20.20% on cost.

The WITNESS: Statement M-2 is a comparative operating statement, 24th January, 1924, to 11th January, 1934.

By Mr. Young:

Q. This bargain basement department, how does it get its goods? It makes a profit, and I presume it sells all its goods at a bargain; how can they show a profit more than anybody else?—A. They sell the goods in that department at cheaper prices than prevail in the ordinary store department; they make more money because they presumably buy the goods sold there at cheaper prices.

Q. Do they buy the left-overs from the other departments and sell them at a profit?—A. They might do that to some extent, but I think the profit would be realized by buying clearance lines and selling them at comparatively low selling prices, and also by the fact that they have a big turnover which would reduce the cost per dollar.

By Mr. Sommerville:

Q. Then statement M-2, comparative operating statement, does that show you total sales?—A. Total sales for the year 1933 were \$18,341,441.

Q. Yes, and the gross profit?—A. The gross profit on sales was \$5,026,869.69, or 37.6 per cent on cost.

Q. Gross profit?—A. Gross profit percentage on cost.

Q. That would be the result of the maintained mark-up?—A. Yes, after deducting all mark-downs.

Q. The maintained mark-up after deducting all mark-downs?—A. Yes. The statement shows the workroom costs, the expenses charged to the various departments, and shows that the store made a net profit for the year of \$137,-231.01.

Q. This is one of the most profitable units of the company?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. That is for the year ending January 11th, 1934??—A. Yes.

By Mr. Sommerville:

Q. In this bargain section that was referred to, the amount of that business was \$1,306,000?—A. Yes.

Q. And the sustained mark-up there was 22.85 per cent?—A. The business was \$1,306,281, and the percentage of gross profit on cost was 22.85 per cent, which is considerably below the average.

Q. Yes, and the profit was \$52,601?—A. Yes.

By Mr. Kennedy (Peace River):

Q. That is a bargain section known as the basement of the Winnipeg store?—A. Yes, sir.

By Mr. Sommerville:

Q. You say that is substantially less than the other departments, but I observe the groceteria shows a 15.10 per cent mark-up?—A. Yes.

Q. And that provided a very large volume of business?—A. It provided a volume of \$1,357,247, and the operations resulted in a net profit of \$32,333.

Q. That low mark-up on groceries would have quite a substantial effect on the average or indicated mark-up?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. That bargain section in the basement of the Winnipeg unit shows a profit for the year ending 11th January last of \$52,601, and that is the largest profit of any department?—A. Yes.

Q. The next largest being the groceries?—A. Yes.

Q. Showing a profit of \$32,333.90?—A. Yes.

By Mr. Sommerville:

Q. Now, take 1925?—A. In the year 1924 the sales amounted to \$23,935,965 and resulted in a net profit of \$1,050,000.

Q. Now then, it rose to a peak in 1928 of what?—A. \$30,346,000 sales and the net profit to \$800,107.

Q. There is a very large increase in the expenses?—A. Yes.

Q. \$700,000 over the previous year?—A. That is correct.

By Mr. Young:

Q. What was responsible for that?—A. I do not know what the increased expenditure in that year was.

By Mr. Sommerville:

Q. And then it dropped from \$30,000,000 in 1928 to?—A. The sales dropped off in each year to \$18,341,000 in 1933.

Q. In 1930 the sales were \$29,000,000 odd?—A. Yes.

Q. And in the year 1929 the gross profit was 30·9 per cent?—A. After deducting workroom wages.

Q. And the net profit was?—A. \$693,748.

Q. Then the next year?—A. In the year 1930 the sales were \$27,918,000. The percentage of net gross profit on cost was 33·1 per cent, and the net profit was \$753,692.

Q. Then the next year?—A. In 1931 the sales were \$23,326,000; the percentage of net gross profit on cost was 37·5 per cent; and the net profit was \$444,707.

Q. And the next year?—A. In the year 1932 the sales were \$20,054,000; the percentage of net gross profit on cost was 33·2 per cent; and the net profit was \$130,410.

Q. And 1933?—A. In 1933 the sales were \$18,341,441; the percentage of net gross profit on cost was 33·3 per cent; and the net profit was \$141,199.

By Mr. Ilesley:

Q. These mark-ups have not risen lately?—A. No.

MR. SOMMERVILLE: They have risen from 30·9 in 1929 to 33·3 in 1933.

MR. ILSLEY: In 1925 they were 31·8 per cent which is not much below what they are to-day.

By Mr. Kennedy (Winnipeg):

Q. Just referring to the last two years ending January 12th, 1933 and January 11th, 1934, I notice that the total sales for the year 1932 were \$20,000,000 odd with a net profit of \$130,000 odd. In the next year—1933—with a smaller sale volume of \$18,000,000 odd the net profit was \$141,000 odd. To what is that attributed?—A. Partly due to a reduction in expenses.

Q. Can you analyse that?—A. First of all, the cost of sales was reduced so that the difference in the gross profit, first of all, was only \$436,000.

Q. Yes?—A. The work room wages were reduced \$8,000 and the expenses were reduced \$438,000.

Q. Well, in the expenses you include wages?—A. Yes.

Q. Is any considerable portion of that extra profit with the smaller sale volume due to the reduction in wages?

Mr. RICHARDSON: I will look up to see if there was any reduction in the wage scale.

Mr. KENNEDY (*Winnipeg*): All right.

The WITNESS: We did not go into this quite as thoroughly as we did in Toronto.

By Mr. Sommerville:

Q. While you are preparing the answer to that question may I point this out to you and ask if you found any explanation for it: For the year ending 31st January, 1926, with sales of \$25,000,000, the expenses are \$4,900,000, and for the year ending 12th January, 1933, with sales of \$20,000,000—\$5,000,000 less—the expenses are \$4,879,000, practically the same. Is there any explanation for that situation, the expenses not falling in proportion with the drop of \$5,000,000 in business or 20 per cent?—A. The only explanation is that a large part of those expenses are uncontrollable.

Mr. FACTOR: Where have I heard that before.

Mr. RICHARDSON: The answer to your question, Mr. Kennedy, is that there was a reduction in wages in 1933 varying from 6 per cent to 8 per cent; that followed the reduction by the Province of Manitoba in the minimum wage.

By Mr. Sommerville:

Q. And what was the total saving there by reason of the reduction in wages at Winnipeg?

The WITNESS: We have not got the saving. It was from 6 per cent to 8 per cent on salaries from \$15 and upwards, and there were also a number of the employees who had previously been earning the then minimum who had not been reduced, who were reduced to the \$11 rate.

By Mr. Kennedy (Winnipeg):

Q. Just on that, you mentioned in 1933 the reduction was what?—A. On employees from \$15 and upwards a reduction of from 6 per cent to 8 per cent; and a reduction of \$1 on a number of the employees who had been earning the previous minimum.

Q. And that reduction in the employees wages synchronized with the lowering of requirements under the Minimum Wage Law of Manitoba?—A. The reduction of the lowest did; I cannot speak positively on those above \$15. I think the reduction was made fairly early in the year; I believe it was April 1st, that is, in the minimum wage legislation.

By Mr. Sommerville:

Q. Then the next statement?—A. The next statement is M-3.

The WITNESS: Statement M-3 shows the advertising in the two daily Winnipeg papers, the number of lines of advertising, and also the total cost of advertising. In 1924 the number of lines of advertising amounted to 2,725,851, and that increased to a peak in the year 1928 of 4,310,577 lines; and it then decreased to 1932 when it amounted to 3,599,476 lines, and showed a slight increase in 1933 at 3,619,549 lines.

By Mr. Sommerville:

Q. And the cost of the advertising in 1925 was \$260,000, and in 1933 \$329,000?—A. Yes.

By Mr. Young:

Q. The saving in advertising is just about equivalent to the increased profits, is it not, \$341,000 and \$329,000?—A. That is correct.

Mr. SOMMERVILLE: \$11,000.

Mr. YOUNG: Just about equivalent to the increased profits for the year.

The WITNESS: Getting more advertising for their money. The statement also shows the particulars of flier advertising, which was commenced in November, 1933, following the example of the Hudson Bay Company. These fliers resemble newspaper sheets and are left at the various houses. It has only been in operation for a short time.

By Mr. Sommerville:

Q. This is Montreal; I see it is from the 7th of November to the 15th of May?—A. Yes.

Q. From November 7, 1933, to May 16, 1934?—A. Yes. About twice a month they seem to be running them now.

Q. And about \$2,000 an issue?—A. Yes.

Q. About \$4,000 a month?—A. Yes. Statement M-4 shows the principal suppliers to the Winnipeg units, that is the Winnipeg store and mail order and the other western units.

Q. And that shows one supplier of over \$500,000?—A. Yes, and four between \$300,000 and \$400,000; four between \$200,000 and \$300,000, and about thirty from \$100,000 to \$200,000.

Q. I observe there that a large number of the purchases are from the east, Montreal and Toronto?—A. Yes. We made a selection from the purchase orders and invoices of the various departments. The departments examined into are summarized on Statement MM-1. Examples of the price spreads and also of the comparative results of the departments examined into are shown on statements MM-2 to MM-37. Is it your intention to file them?

Q. Yes, just file them. Take your furniture mark-ups?—A. The average gross profit percentage on cost, before workroom wages, of this department was 38.94 per cent.

By Mr. Factor:

Q. What are you reading from?—A. MM-2.

By Mr. Sommerville:

Q. MM-1 is the summary?—A. The summary is on MM-1.

Q. In this furniture department, from 58 suppliers you listed 58 different items?—A. The amount of the orders listed amount to \$23,811; the percentage of that to the total is 7 per cent; and the number of examples of shipments supporting the various purchases shown on these statements following is 79 examples.

Q. And the mark-ups?—A. The mark-ups range from a high of 83.36 per cent initial mark-up to a low of 7.62 per cent initial mark-up. The gross profit of the department was \$132,802.35; the percentage of gross profits to cost of sales, 38.96 per cent. After deducting workroom wages, the percentage was reduced to 31.55 per cent.

Q. Now, with reference to men's suits?—A. In men's suits, we listed particulars from 43 different orders and 25 different orders covering shipments from the T. Eaton Company factory. The total of these amounted to 29.5 per cent of the total purchases of the department.

Q. And the mark-ups ranged from 70 per cent to 19 per cent?—A. In the case of the purchases from outside suppliers.

Q. And the gross profit?—A. The gross profit percentage on cost was 39.61 per cent; after deducting workroom wages, it was reduced to 29.71 per cent.

Q. Now take boys' pants, suits, etc?—A. We listed 37 orders from outside suppliers and 18 from the T. Eaton Company factory. The aggregate of that

amounted to 14 per cent of the total purchases of the department. The mark-ups on purchases from outside departments ranged from 67·8 per cent to 7·87 per cent on the items listed. The gross profit on cost was 33·90 per cent. There were no workroom wages in that department.

Q. Looking at that furniture department, and referring to your memorandum, perhaps you can give us your observations upon that examination?

Mr. FACTOR: What number?

Mr. SOMMERVILLE: The memorandum.

The WITNESS: Yes, the memorandum—Statement MM-2. The total sales have declined from \$1,169,000 in the year 1929 to \$473,000 in the year 1933, more than 60 per cent. In this department the percentage of net gross profit to cost declined from 32·83 per cent in the year 1929 to 27·07 per cent in the year 1932. It showed a slight increase in the year 1933 to 30·14 per cent. The department showed a net profit for the year 1929 of \$30,360, but has shown a loss in each of the next four years, the loss in 1933 amounting to \$19,049. The amount of the average sale has declined from \$26.06 in 1929 to \$12.86 in 1933.

By Mr. Sommerville:

Q. That is due to the purchase of cheaper goods?—A. Either that or getting less money for the average sale. The wages paid per 100 sales, or rather for 100 transactions were \$113.97 in the year 1929; the wages paid per transaction decreased to \$52.30 in the year 1933 for 100 transactions. But it should be remembered that the average value of the transaction decreased very materially.

Q. What about consignment goods?—A. The practice followed in purchasing from Winnipeg suppliers is to buy samples of the various suites or types of furniture for display purposes. As sales are made additional suites are purchased from the manufacturer who ships them direct to the customer. The department managers informed us that in dealing with one company situated in Winnipeg, it was the practice to purchase the cheaper suites but to have the more expensive ones sent in on consignment. In the case of another company all merchandise is returnable within two months after it has been received, if the T. Eaton Company is unable to sell it.

Q. That is one of the largest companies in Canada?—A. Yes. The total merchandise brought in on consignment and the total amount of merchandise returned to suppliers are comparatively small, however, when compared with the total purchases of the department for the year 1933. That does not include any sales that may have been made from samples on the floor.

Q. On this basis, the sales are largely made from samples of the Winnipeg manufacturer?—A. Sales of merchandise supplied from Winnipeg manufacturers are.

By Mr. Kennedy (Winnipeg):

Q. You mentioned goods coming on consignment from a large manufacturer returnable if not moved inside of two months?—A. That is an arrangement, a verbal arrangement, which the department manager has.

Q. Does it work out with much goods being returned?—A. No.

Q. Because there would be freight both ways on that?—A. I said that the total amount of merchandise returned to suppliers is comparatively small compared with the volume of the business.

Q. That was not a Winnipeg firm you referred to?—A. I don't know if that company has a branch in Winnipeg or not.

By Mr. Sommerville:

Q. There are certain eastern manufacturers that have branches in Winnipeg?—A. I understand so.

By the Chairman:

Q. They ship out knocked-down stuff, don't they, and set it up—partially manufactured goods?—A. The eastern suppliers?

Q. Yes?—A. I don't know that, sir.

By Mr. Sommerville:

Q. All right, will you continue?—A. It is not the general practice of the department to make allowances on furniture turned in on new purchases, although this is done in the case of special sales put on at certain times during the year. Contributions to the advertising of this department were received from five manufacturers, and they totalled \$750 in 1933.

Q. The next is men's clothing?—A. The examples of the various purchases and the price spreads is shown on Statement MM-4 and MM-5, in the case of purchases from the Eaton Company factories.

Q. I notice in connection with the men's clothing department—did they have a \$16.50 special made-to-measure suit out there—a large number bought from some firms in Montreal, special made-to-measure suits?—A. There will be extra freight on merchandise shipped out to Winnipeg, and I do not think they would send them by express.

Q. Take this first item here, made-to-measure suits, apparently from Montreal?—A. The total amount of the order is small on that first one. The laid-down cost was \$14.64, the initial selling price was \$22.70; the mark-up percentage (initial) 55.02 per cent.

Q. Then the ready-made suits, here is a large order for \$13.20, blue serge four-piece suit?—A. Laid-down cost \$11.84, initial selling price \$18.50, a mark-up percentage of 56.18.

By Mr. Kennedy (Winnipeg):

Q. It is a matter of note that on that complete page all this clothing with two exceptions come from Montreal?—A. One item is from Vancouver.

By Mr. Sommerville:

Q. The one item from Vancouver is the silk-facing coat, all the rest are from Montreal?—A. Yes.

Q. Here is one, a two-pants suit—stripe worsted, from Montreal, \$4,150.35?—A. Laid-down cost was \$11.27, sold for \$16.50, an initial mark-up of 46.3 per cent.

Q. Some other firms here, \$3,584?—A. Laid down cost on that was \$17.08, the selling price was \$28.47, the initial mark-up percentage was 66.67.

Q. Some of these firms we will have a report on shortly. Here is another one, \$12,000?—A. For 2-pants suits: laid-down cost \$13.78, selling price \$22.90, initial mark-up percentage 51.84.

Q. Ten, overcoats; from some of these same firms—here is one at the bottom of the page \$2,170?—A. Laid-down cost \$16.75, sold at \$28.10, an initial mark-up of 70.15 per cent.

Q. Overalls?—A. Bought from a Winnipeg firm: the first one was laid down at \$1.62, sold at \$2.25, an initial mark-up percentage of 39.14.

Q. The last one?—A. Laid down at \$1.18, sold at \$1.55, initial mark-up percentage 30.91.

Q. Here is ready-made suits again, the next item?—A. Young men's two-pants suits: laid-down cost \$11.02, sold at \$17.50, an initial mark-up percentage of 58.74.

Q. The maintained mark-up there, after write-down, is 39.61 per cent on cost for the department?—A. Yes.

Q. From their own factory, that would be at Toronto I think?—A. Yes, the Eaton factory were the principal suppliers to this department.

Q. Take that first group there?—A. Eatonia suits were laid down in Winnipeg at \$17.76, sold for \$25, an initial mark-up percentage of 40·81.

Q. Sport suits?—A. Laid-down cost \$12.90, sold for \$20, initial mark-up percentage 54·99.

Q. Special 2-pants suits?—A. The first one, laid down at \$17.49, sold for \$25, initial mark-up percentage \$42.94.

Q. The next one?—A. Special made-to-measure suits, laid down \$16.27, sold at \$23, an initial mark-up percentage of 41·36.

Q. On this whole group of made-to-measure suits, and there is a large number of them, the mark-up runs from 38 per cent to 57 per cent?—A. That is correct.

Q. On trousers?—A. The mark-up percentage in the four items shown runs from 40·1 to 49·37.

Mr. YOUNG: What about this one at the bottom of the sheet.

Mr. SOMMERVILLE: That is a loss leader all right, Men's Crombie Montagnac Overcoats.

The WITNESS: Laid-down cost \$31.80, sold for \$28.50, a loss of \$3.30.

By Mr. Sommerville:

Q. What loss did the factory take on that?—A. We have not the costs of that particular overcoat.

By the Chairman:

Q. Montagnac refers to the cloth, does it not?—A. Yes.

By Mr. Young:

Q. Then Montagnac is not an imported coat, it is just imported cloth?—A. It is made from cloth that has been imported.

Q. But it is not an imported coat?—A. No, it is made up in the Eaton factory.

Mr. FACTOR: We will have to increase the tariff on that.

The WITNESS: Statement MM-6 shows the comparative operations of this department for the last five years, and indicates that the net profit made in each year amounted to \$2,200 in 1933.

The CHAIRMAN: I think Mr. Young is tired, we will adjourn.

Mr. YOUNG: Mr. Chairman, when are we going to have Eatons come here and answer to all this?

The CHAIRMAN: I do not know, they are sitting here.

Mr. YOUNG: Can you tell me this: are we going to have evidence from independent dealers?

The CHAIRMAN: Yes, sir.

Mr. YOUNG: As to what their spread is?

The CHAIRMAN: Yes.

Gentlemen, we will adjourn until eleven o'clock to-morrow.

The committee adjourned at 5.50 p.m. to meet again on Friday, June 15, 1934, at 11 o'clock a.m.

HOUSE OF COMMONS,

FRIDAY, June 15, 1934.

The Special Committee appointed to inquire into price spreads and mass buying met at 11 a.m., the Hon. H. H. Stevens presiding.

The CHAIRMAN: The minutes of yesterday's meetings record the witnesses heard; I do not see any documents filed. The minutes will be approved.

W. L. GORDON, (examination resumed).

By Mr. Sommerville:

Q. When we left off yesterday, Mr. Gordon, we were dealing with the operations of the Winnipeg store.—A. Yes, sir.

Q. And we had reached the boys' clothing.—A. Boys' clothing, statement MM-7.

By Mr. Young:

Q. Have we got that?—A. No, it is a price spread statement. It shows examples of the spread on approximately 40 different articles purchased by this department.

By Mr. Sommerville:

Q. What proportion did they buy from their own factory?—A. In the year 1933 this department purchased \$24,700 approximately from the Eaton factory. It is a small department.

Q. That is from the Montreal factory?—A. From the Montreal factory, yes, which is a clothing factory.

Q. Then what proportion does that represent as compared with outside suppliers?—A. They purchased approximately 18 per cent of the requirements from their own Montreal factory.

Q. And 82 per cent from outside?—A. Yes.

Q. Of which 36 per cent came from the province of Quebec apparently?—A. That is correct. In the case of the men's clothing department which we were dealing with yesterday, 57 per cent came from outside suppliers in the province of Quebec.

By Mr. Kennedy (Peace River):

Q. Men's clothing?—A. Yes, sir.

Q. There is something in connection with boys' clothing and men's clothing I do not understand. I notice in this statement, M-1, boys' clothing department and men's clothing department, the mark-up in the boys' clothing is 32·8 per cent and that was maintained apparently; in the men's clothing the mark-up is 32·92 per cent and that is maintained. In the men's clothing department there is a profit of \$35,000 and the boys' clothing department shows a loss of \$2,000?—A. You are referring to the clothing department of the mail order division, Winnipeg, which we have not come to yet, Mr. Kennedy.

By Mr. Sommerville:

Q. I have statement N-1 before me.—A. In the store, men's clothing department, they had a mark-up percentage on cost of 39·6 per cent; and they made a profit of \$2,219.

Q. Yes?—A. And in the boys' clothing the mark-up was 33·9 per cent on cost and they made a loss of \$2,614.

By Mr. Heaps:

Q. What was the turn-over there?—A. In the boys' clothing the sales amounted to \$176,000 and in the men's clothing the sales amounted to \$689,000. The boys' clothing department in the Winnipeg store is a small department.

By Mr. Kennedy (Peace River):

Q. The mark-up is about the same, still in the one case they make a loss and in the other a profit.

Mr. HEAPS: The turn-over is much greater

The WITNESS: The turn-over is much greater in the men's clothing department, and as far as the store is concerned the mark-up was 39 per cent on cost on men's clothing as compared with boys' clothing of only 33·9 per cent.

By Mr. Kennedy (Peace River):

Q. Well, then, it is these other items that make up the difference?—A. Yes. There is not an awful lot of difference; one department made a profit of only \$2,000 and the other a loss of \$2,000.

By Mr. Sommerville:

Q. Now, in this clothing you have the quantities here, boys' suits \$1,462?—A. The laid down cost of which was \$9.03; initial selling price \$13.95; mark-up percentage of 54·16 per cent on cost.

Q. That is one of the firms that we have had given in evidence?—A. Yes.

Q. And convicted for breach of the Minimum Wage Law. The next item, boys' suits?—A. Laid down cost \$6.24; sold for \$10.50; initial mark-up percentage of 60·33 per cent.

Q. Heavy 4-piece suits, \$1,015, another firm on which we will have a report?—A. Cost \$8.78; sold for \$12.95; initial mark-up percentage of 54·53 per cent.

Q. And the next item \$850?—A. Youth's 4-piece suits cost \$9.17; sold for \$13.95; initial mark-up percentage of 52·12 per cent.

Q. That is from the same firm. Then just below that, boy's overcoats?—A. Cost \$8.60, sold for \$13.50; mark-up percentage on cost 57·01 per cent.

Q. Then below that, youth's S. & F. topcoats?—A. Laid down cost \$6.11; sold for \$9.95; initial mark-up percentage on cost 62·82 per cent.

Q. And the next one?—A. Boy's overcoats, laid down cost \$11.14; initial selling price of \$18; initial mark-up percentage on cost of 61·52 per cent.

Q. Then boy's khaki frieze breeches further down?—A. Laid down for \$1.26; sold for \$1.95, mark-up percentage on cost of 54·27 per cent.

Q. Yes. The maintained percentage of gross profit on cost is 33·88 per cent in that department?—A. Yes.

Q. After all mark-downs?—A. After all mark-downs and shortages.

Q. Yes. Here are some junior boy's suits on the next page; that is a small quantity, but the next item is a large quantity, \$1,262, students' 4-piece suits—Eatonia?—A. Students' 4-piece suits—Eatonia, laid down for \$13.25, sold for \$22.50, and a mark-up percentage of 69·81 per cent.

Q. Here are flannel unlined suits?—A. Laid down for \$2.86; sold for \$4.95, mark-up percentage on cost of 73·8 per cent.

Q. Then the last item?—A. Boy's chrome leather coats, laid down for \$5.82; sold for \$7.95, mark-up percentage on cost 36.57 per cent. Statement MM-9 shows the operating results of this department for the last five years; they made a net profit of \$2,399 in 1929, and a small net loss in each of the four years, the loss in 1933 amounting to \$2,614.64.

Q. That is, after allocating directly interest and the space charges that have been referred to before?—A. Yes, sir.

Q. Then the next department, men's and boy's shoe department?—A. Statement MM-10 shows examples of price spreads for men's and boy's shoe department.

Q. In the boy's and men's shoe department the spreads run from—there is one item of 14.97 per cent; another one of 17.02 per cent, and of the 50 odd items the balance run up to?—A. 77 per cent.

Q. 77 per cent?—A. Yes, sir.

Q. I observe that a number of these are on branded lines. Without naming the brands particularly, these are the firm's own brands?—A. Yes.

Q. Well now, on the matter of these branded lines there has been a reduction. What is the situation with respect to branded lines since 1930?—A. Perhaps you might refer back to the shoe department of the Toronto store, and in dealing with that we said that about 80 per cent of the sales were branded lines, and I have a table showing the costs.

The CHAIRMAN: That had better go in, in tabular form.

—	1930	1931	1932	1933
Brand A—Number of pairs sold.....	9,153	8,556	5,571	3,572
Selling price.....\$	4.29	4.00	3.50	3.50-3.75
Cost price including sales tax..\$	2.97	2.72-2.85	2.35-2.37	2.37-2.48
Mark-up.....\$	1.32	1.28-1.15	1.15-1.13	1.13-1.27
Percentage to cost.....%	44.4	47.1 40.4	48.9 47.7	47.7 51.2
Brand B—Number of pairs sold.....	35,972	31,742	25,098	20,331
Selling price.....\$	5.00	5.00	4.00	4.00-4.50
Cost price including sales tax..\$	3.62	3.42-3.47	2.45-2.88	2.75-2.83
Mark-up.....\$	1.38	1.58-1.53	1.55-1.12	1.25-1.67
Percentage to cost.....%	38.1	46.1-44.1	63.2 38.9	45.5 59
Brand C—Number of pairs sold.....	12,150	10,155	19,438	15,047
Selling price.....\$	7.00	6.50	5.00	5.00-5.50
Cost price including sales tax..\$	5.33	5.03-5.10	3.47-4.02	3.44-3.54
Mark-up.....\$	1.67	1.47-1.40	1.53-0.98	1.56-1.96
Percentage to cost.....%	31.3	29.2	44.1 24.4	45.3 55.4
Brand D—Number of pairs sold.....	3,132	2,952	4,277	2,248
Selling price.....\$	9.00	8.50	7.00	7.00-7.50
Cost price including sales tax..\$	6.83	6.38-6.48	5.10-5.15	4.81-4.95
Mark-up.....\$	2.17	2.12-2.02	1.90-1.85	2.19-2.55
Percentage to cost.....%	31.8	33.2 31.2	37.3 35.9	45.5 51.5

The WITNESS: This table shows the selling prices and the number of pairs of shoes sold, and the cost, and the mark-up percentage on cost for four different brands. In brand No. 1 the selling price in 1930 was \$4.29; \$4 in 1931; \$3.40 in 1932; and it varied from \$3.50 to \$3.25 in 1933.

By Mr. Sommerville:

Q. That is, at the end of 1933 it was raised to \$3.75?—A. Yes. The cost was \$2.97 in 1930. It varied from \$2.72 to \$2.85 in 1931; in 1932, it varied from \$2.35 to \$2.37, and in 1933, from \$2.37 to \$2.48. The gross profit or the mark-up was \$1.32 in 1930; in 1931 it was reduced from \$1.15 to \$1.28; in 1932 it was \$1.13 to \$1.15; in 1933, from \$1.13 to \$1.27. The percentage on cost in the first year was 44.4 per cent; in the next year, it varied from 40.4 per cent to 47.1 per cent. In the next year it varied from 47.7 per cent to 48.9 per cent and the next year from 47.7 per cent to 51.2 per cent.

Q. That is, the price of that variety was reduced by the manufacturer from \$2.97 to \$2.48?—A. It went down as low as \$2.35.

Q. Last figure was \$2.48 in 1933?—A. Yes.

Q. And the price by the retailer was reduced from \$4.29 to \$3.75?—A. Yes.

Q. On that price the percentage of mark-up was increased from 44 per cent to 51 per cent?—A. Yes.

Q. On that grade. That is to say, the manufacturer took the reduction?—

A. The company took part of the reduction on that particular brand.

Q. Five cents was the amount the company took and the whole reduction was \$1.27—the whole mark-up was \$1.27 in 1933?—A. Yes.

Q. As compared with \$1.32?—A. Yes.

Q. And five cents less was the amount of the mark-up?—A. Yes.

Q. Now take the next large brand, No. 2. The selling price was what?—

A. The selling price was \$5 in 1930; \$5 in 1931, \$4 in 1932; and it was increased to \$4.50 towards the end of 1933. The cost was \$3.62 in 1930, but it varied from \$3.42 to \$3.47 in 1931. The fluctuation would be partly due to changes in sales tax. The next year \$2.45 to \$2.88; the next year \$2.75 to \$2.83, and the mark-up in 1930 was \$1.38. In the next year, the mark-up was \$1.58 to \$1.53, and the next year it varied from \$1.12 to \$1.55. In 1933 it varied from \$1.25 to \$1.67.

Q. The percentage of mark-up increased from 38.1 per cent in 1930 to 59 per cent in 1933?—A. Yes.

Q. In that case, the manufacturer took the whole reduction of \$1.67?—A. Yes.

Q. Give us the next brand?—A. On the next brand, the selling price was \$7, reduced to \$6.50 in the next year, and to \$5 in 1932. Towards the end of 1933, it was increased to \$5.50. The mark-up was \$1.67 in 1930, reduced to \$1.47 in 1931. In 1932 it was 98 cents to \$1.53. In 1933 it was increased to \$1.56—from \$1.56 to \$1.96.

Q. 31.3 per cent?—A. It showed a decrease in the next year to as low as 27.5 per cent. In 1932 the mark-up varied from 24.4 to 44.1. In 1933 it amounted to 45.3 to 55.4 on cost.

Q. From 14 to 24 per cent over 1930?—A. An increase of that, yes. In the fourth brand shown here, the selling price was \$9 in 1930, \$8.50 in 1931, \$7 in 1932, and it was increased in the latter part of 1933 to \$7.50. The mark-up was \$2.17 in 1930, \$2.02 to \$2.12 in 1931, \$1.85 to \$1.90 in 1932, and from \$2.19 to \$2.55 in 1933. The percentage on cost 31.8 per cent in 1930, from 31.2 to 33.2 in 1931, from 35.9 to 37.3 in 1932, and it was increased from 45.5 to 51.5 per cent in 1933.

Q. Compare the first and last column of this schedule on Brand 1, and you will see the increase was from 44.4 to 51.2 per cent in the mark-up?—A. I think in the year 1933, the 44.4 should be compared with 47.7 and 51.2. They fluctuated slightly throughout the year.

Q. I thought you said the price was increased in the latter end?—A. That is correct.

Q. For the 1934 figures?—A. Yes, that is correct, 44.4 increased to 51.2.

Q. Brand No. 2?—A. 38.1 to 59 per cent.

Q. Brand No. 3?—A. 31.3 to 55.4. Brand 4, 31.8 to 51.5.

Q. Will you just read your narrative on that, please?—A. We made inquiries from the department managers as to the policy of the company in purchasing such staple articles as men's shoes, and he informed us it was not his practice to change from one manufacturer to another, if this could be avoided.

We asked if the manager of the Toronto shoe department placed the orders for the other branches, and he said that he did not place the orders for the other branches, but he exercised influence on what they did purchase. He makes selections for the whole organization of lines which can be purchased from stipulated manufacturers. These selections are submitted to the various branch store managers, including the Montreal and Winnipeg department managers, who decide which of the selections they wish to purchase, and in what quantity. He stated that frequently the manufacturers' cost sheets were examined to see what profit was being made on merchandise sold to the company.

Q. Why would they examine the manufacturers' cost sheets?—A. I cannot tell you.

Mr. HEAPS: To make sure they were making a good profit.

By Mr. Sommerville:

Q. I do not know. Now, in the Winnipeg men's shoe store department, you found those branded lines on sale there as well?—A. Yes.

Q. And they bore the relative mark-ups that you referred to?—A. The mark-ups and examples of them are shown on statement MM-10.

Q. They bear the same relationship to the mark-up percentages in the Toronto store?—A. I have not made an exact comparison.

Q. Then the maintained gross profit of that department after write-downs and shortages was what?—A. 38·08 per cent.

Q. Statement MM-11 shows what?—A. Statement MM-11 shows the comparative operating results of the men's and boys' boots and shoe department of the Winnipeg store for 1929 to 1933 inclusive.

Q. It shows what?—A. It shows the department made a profit of \$6,193, net profit, in the year 1929. That had increased to \$11,473 in 1931; it shows a decrease of \$6,520 in 1933.

Q. It has been consistently profitable?—A. Yes.

Q. Then you have women's—A. Examples of purchases by the women's and misses' suits and coats department. These are shown on statement MM-12.

Q. What percentage comes from their own factory?—A. They purchased 15·1 per cent in 1933, 15·1 per cent of their merchandise was obtained from the Eaton factory, Toronto; 19·2 per cent was obtained from other suppliers in the province of Quebec; 24·72 per cent from the province of Ontario; 38·8 per cent from Manitoba, and 2·2 per cent from other places.

Q. And the mark-ups were what?—A. The first item, assorted coats laid down, \$9.08; the initial selling price varied from \$9.75 to \$19.75.

Q. The average mark-up was what?—A. The average mark-up was \$5.81, and the initial mark-up percentage on cost was \$63.98 per cent.

Q. The next item?—A. The next item winter coats, purchased in Winnipeg, laid down at \$12.72, the initial selling price was \$19.85, initial mark-up percentage on cost 56·05 per cent.

Q. Then there are some rough silk suits?—A. Rough silk suits laid down at \$5.56, initial selling price \$8.95, mark-up percentage 60·82 per cent.

Q. Job raincoats?

Mr. YOUNG: You need Job on this job.

The WITNESS: Laid down 182 of them for \$2.44, initial selling price was marked up to \$3.95, 19 at \$4.75, the average mark-up percentage 64·75.

By Mr. Sommerville:

Q. Plain crepe cloth coats, which are shown farther down the list, purchased at \$5.75?—A. Laid down at \$6.09, initial selling price \$9.75, a mark-up percentage of 60.09.

Q. Then you have some other coats from another firm in Winnipeg, Crayshen lined assorted?—A. Laid down \$6.20; initial selling price, \$9.75, a mark-up percentage of 57.25 per cent.

Q. \$9.75?—A. \$9.75 initial selling price.

Q. The next item?—A. Plain crepe cloth coats, light, laid down at \$4.24; initial selling price, \$6.75; mark-up percentage of 59.2 per cent.

Q. Here are some coats from another Winnipeg house just above that, 4 lots?—A. The first lot was laid down at \$15.90, sold for \$25, an initial mark-up percentage of 57.23 per cent. The next item is one of assorted coats.

Mr. HEAPS: I was going to ask, Mr. Sommerville, if any of these Winnipeg firms had been investigated.

Mr. SOMMERVILLE: We have a report on them, and that is why I am just bringing out these figures of supplies from these houses.

The WITNESS: The next item of assorted coats, laid down at \$15.90, sold for the same price, the initial mark-up percentage being the same, 57.23.

By Mr. Sommerville:

Q. Another one, just above that, 26 tailored suits?—A. Laid down at \$6.88; initial selling price, \$10.95, a mark-up of 59.15 per cent on cost.

Q. The last item?—A. The last item of coats.

Q. Made in Winnipeg?—A. Yes, laid down at \$6.38; on 21 of which the initial selling price was marked \$7.95 and on 92 was marked \$8.95, an average mark-up percentage on cost of 37.73 per cent.

Q. Then on the next are the examples of suits and coats that were supplied from the T. Eaton factory 6; that is at Toronto?—A. Yes.

Q. And T. Eaton factory 15; that is at Montreal?

Mr. RICHARDSON: I think 15 is in Toronto.

The WITNESS: I think they are all purchased from Toronto.

By Mr. Sommerville:

Q. This shows the laid down price of each of these?—A. Yes.

Q. The initial selling price?—A. Yes.

Q. And the amount of the mark-up?—A. Yes, and the percentage of the initial mark-up on cost.

Q. We have a report on some of these departments. Just take some of these items?—A. The first item is of assorted coats laid down at \$16.16; initial selling price, \$25; initial mark-up percentage on cost, 54.7 per cent.

Q. Take the next one?—A. Assorted coats laid down for \$17.76; initial selling price, \$29.50; mark-up percentage on cost, 66.1 per cent.

Q. Come down to the one of the coat with the silver fox collar?—A. Laid down for \$67.31; initial selling price, \$125; a mark-up percentage on cost of 85.71 per cent.

Q. There is an item of grey squirrel crepe cloth coat?—A. Crepe cloth, grey squirrel, laid down for \$13.74; initial selling price, \$55.

Q. Laid down for \$30.74, you mean?—A. Yes, \$30.74; initial selling price, \$55; mark-up percentage on cost, 78.9 per cent.

Q. You have some here, a similar coat, running at 57.23 per cent, 69.38 per cent and 52.01 per cent; is that correct?—A. Yes. Those three would not be squirrel coats, I don't think.

Q. No, but they are from the same factory?—A. Yes.

Q. And the margin of gross profit maintained in this department after write-downs and shortages was what?—A. 40·71 per cent on cost. Statement MM-13 shows the comparative results of the department; made a loss for the year 1929, a net loss of \$3,920.76; made a profit in each of the last four years, the profit in 1933 amounting to \$11,285.

Q. And that shows the maintained gross profit has increased from 27·36 per cent in 1929 to 37·98 per cent in 1933?—A. That is correct.

Q. Then the next one?—A. The next department, MM-14, negligees, corsets, lingerie, whitewear.

Q. House dresses?—A. House dresses and uniforms.

Q. You have selected a large number of examples here?—A. Yes.

Q. A few of these are firms about which investigations have been made. Give us a few of these items; take the first of them?—A. The first item, suits of bloomer and vest, panty and brassiere, laid down cost 67 cents; initial selling price, \$1; mark-up percentage on cost, 49·25 per cent.

Q. Then there is a special group of house dresses?—A. Where do you get those?

Q. Five or six items down from there, special group of house dresses?—A. Oh, yes; laid down for 49 cents; initial selling price, 78 cents; mark-up percentage on cost of 59·18 per cent.

Q. Then women's print dresses?—A. Laid down for 68 cents each, sold for a dollar, a mark-up percentage of 47·06 per cent.

Q. The next item?—A. Voile dresses, assorted, laid down for \$1.28; initial selling price \$1.95; a percentage on cost of 54·76 per cent.

Q. And over on the next page, cotton print dresses?—A. Cotton print dresses laid down for 68 cents; initial selling price, 95 cents to a dollar, a percentage on cost of 45·59 per cent.

Q. And the maintained profit in this department was what?—A. 44·34 per cent.

Q. This department has been a consistently profitable department for the entire five years as shown on statement MM-15?—A. Yes.

Q. Yes?—A. Statement MM-16 shows examples of purchases by the economy self-service women's garment department. Do you want me to read from there?

Q. Perhaps you can just tell us what these mark-ups range from, in this self-serve department. I see 26·11 per cent?—A. The lowest percentage is 11·19 per cent on cost; the highest, 52·18 on cost; and the maintained percentage of gross profit on cost was 26·41 per cent. That is a department with a lower average mark-up.

Q. A large number of the articles that you have referred to came from firms outside of Winnipeg?—A. That is correct, yes.

Q. Articles that came from its own factory were marked from 29 per cent to 48 per cent—at the bottom of the page there?—A. Yes.

Q. And that department, according to statement MM-17, has been profitable?—A. Profitable for each year for the last five years.

Q. The next is the women's and misses' dress department?—A. Statement MM-18 shows examples of the gross profit percentage on cost of the various purchases by this department, ranging from 18·73 per cent to one at 114·22 per cent.

Q. The first item is some assorted sample dresses?—A. Assorted sample dresses laid down at \$3.28; selling price from \$4.95 to \$7.95, an average mark-up percentage of 66·43 per cent.

Q. Then you have a selected group of printed sheer dresses, \$243, just further down on that page?—A. Laid down at \$3.55; selling price, \$5.95 to \$8.95, an average percentage mark-up of 102·53 per cent.

Q. Then here are some jacket dresses from a firm that we have a report on?—A. Laid down at \$3.28; initial selling price, \$4.95; a mark-up percentage of 50·91 per cent. A considerable number of these suppliers were investigated.

Mr. SOMMERVILLE: Yes, in these ladies' dresses; we will have a report upon that later.

Mr. ILSLEY: Later this summer.

Mr. SOMMERVILLE: Next week.

By Mr. Sommerville:

Q. On the next page, dresses, some supplied from Winnipeg?—A. Dresses as selected, laid down at \$2.65; the selling price has varied from \$4.50 to \$10.95, an average mark-up percentage of 79·25 per cent.

Q. And the maintained gross profit of this department was what?—A. 34·55 per cent. Statement MM-19 shows that this department made a net loss in each of the five years.

Q. Each year?—A. Yes.

Q. For five years?—A. Yes.

Q. I observe that the percentage of mark-up has increased from 27 per cent in 1929 to 31 per cent in 1933?—A. That is correct.

Q. And the next is washing machines?—A. Examples of purchases of washing machines are shown by statement MM-20. They are practically all purchased from four firms. It is a small department. The machines are supplied chiefly by two Toronto firms, one in Hamilton and one in Montreal. The percentage of mark-up varies in the examples shown from 31 per cent on cost to 117 per cent on cost.

Q. And the maintained percentage of mark-up, after write-downs, was what?—A. 51·56 per cent.

Mr. HEAPS: Are these particular articles referred to the ones complained about?

Mr. SOMMERVILLE: Some of them. We have a report on that.

Mr. HEAPS: What are the complaints, that the mark-up was too low by the Eaton Company?

Mr. SOMMERVILLE: There were complaints that by reason of certain prices that were charged—there were certain lines that were tagged, and some with a stencilled name that were sold at low prices, and that it had the effect of destroying the trade of the distributors who had bought from the same manufacturer.

Mr. HEAPS: What was the mark-up on those machines? Have we got anything to show that?

Mr. SOMMERVILLE: Well, we will have it shown in the report on the washing machine department.

By Mr. Sommerville:

Q. On the MM-21 the washing machine department appears to have been uniform?—A. They made a small net profit on each of the last five years. The sales are comparatively small, in comparison with the other departments.

Q. The sales last year were some \$62,000?—A. Yes, \$62,000.

By Mr. Heaps:

Q. What is the number of machines that were sold?—A. I don't know.

By Mr. Ilsley:

Q. It seems to require a high mark-up in order to make any profit at all, for some reason. That is the situation, is it not? The gross profit is over 50 per cent—51·56 per cent?—A. Yes.

Q. The net profit seems to look small?—A. They would occupy a certain amount of selling space, and I suppose the selling costs would be added. The actual number of sales checks were 1,596 in 1933; and the average amount of each sale was \$39.93.

By Mr. Sommerville:

Q. All the prices quoted here, for the laid-down cost, are largely in excess of that; why are they excessive? Then the tire department?—A. Statement MM-22.

Q. That shows a maintained gross profit of 22.67 per cent in that department?—A. Yes.

Q. And the sporting goods department?—A. Certain batteries are sold by the sporting goods department; and examples of purchases and selling prices are shown—that is statement MM-23.

Q. Let us have the particulars with respect to the batteries made in Winnipeg, the first item?—A. S-11: laid down at \$3.76, initial selling price \$4.95, a mark-up percentage on cost of 31.54.;

Q. Then run through that list; the last of them 13-S sold at a loss; it was bought at \$4.17 and sold for \$3.95, or a loss of 18.5 cents?—A. That is correct.

Q. Then on the next set of batteries, made at St. Johns, in the province of Quebec?—A. The mark-up percentage varied from 14.86 to 39.3 on cost.

Q. Then, their branded lines of dry batteries?—A. Mark-up percentage was 56.6 to 60 on cost. Statement MM-24 shows examples of purchases by the drug department, and the results of its operations are shown on statement MM-25.

Q. And the maintained profit there was 34.97 per cent on cost?—A. Yes.

Q. And that shows relatively smaller mark-ups on the patent medicines, soaps and toilet goods, than in the Toronto department?—A. It is similar to the Toronto department, yes.

Q. It shows also, statement MM-25, that this department has been uniformly profitable?—A. Yes.

Q. Now, these examples that we have illustrate a number of departments in the Winnipeg store?—A. Yes.

Q. And you are filing with the committee the balance of these statements covering every department in the store up to MM-36?—A. MM-37.

Q. I see in this bargain section, MM-36, this department and 37—that is the basement department that we referred to—has been uniformly profitable throughout the five years?—A. That is correct.

Q. And the marginal mark-up has increased from 17 per cent in 1929 to 21.5 per cent in 1933?—A. Yes.

Q. Now, turning to the mail order department in Winnipeg; I think we have your statement that this was the most profitable department in the unit?—A. That is correct.

Q. And the total operations are shown where?—A. Statement M-1 shows the results of each department of the Winnipeg Mail Order division for the year 1933, and indicates that the results amounted to \$17,138,000, gross profit being \$5,114,800; the percentage of gross profits to cost of sales was 42.5, and the net profit after deducting expenses was \$923,000.

Q. Every one of these departments except three, which show a comparatively small loss, showed substantial profits?

By Mr. Young:

Q. This is a net profit of \$923,601?—A. Yes.

Q. And the net profit on the whole Eaton enterprise was \$878,000?—A. Yes.

Q. In other words, all the profit they made was in the Winnipeg mail order division?—A. Some of the other units made profits as well.

By Mr. Sommerville:

Q. They were eaten up with expenses.

An hon. MEMBER: Eaten by Eatons, as it were.

The WITNESS: A higher gross profit percentage to cost was realized in the mail order division than in the Winnipeg store, and the gross profit of the mail order division exceeded that of the store in every year except 1930, 1931 and 1932. If you refer to statement N-2 you will see the comparative results.

By Mr. Sommerville:

Q. Which is that, the store?—A. Statement N-2 shows the comparative results of the Winnipeg mail order division for the years 1924-1933 inclusive; and it shows that the results in 1924 were \$28,465,000, that they increased to \$32,201,000 in 1929 and since then has decreased to \$16,621,000 in 1932—the figure I gave you for 1929 is for the year 1928—the decrease to \$16,621,000 in 1932, and showed a slight increase last year to \$17,138,000. The gross profit percentage on cost was 37·3 in 1924; it decreased in the next two years to 35·2, and 35·3; in 1927 it was 37·3, in 1928 it was 36·9, and since then it has shown an increase in each year to 40·6 per cent in 1933. The net profit after deducting expenses amounted to \$2,407,000 in 1924; in 1927 it reached a peak of \$2,545,000, and it decreased from then until 1931 when it was \$443,000; and has shown an increase since then to \$911,000 in the year 1933.

Q. And in that mail order department the unit which produced the most profit was Men's and Boy's Furnishings?—A. That is correct, a net profit of \$101,000 in the year 1933. The Glove, Hosiery and Embroidery Department made a net profit of \$66,900.

Q. Men's and Boy's Boots and Shoes made a profit of \$78,000?—A. Yes. The sales declined from 1928 to 1932 by 50 per cent.

Q. But that decline in the mail order in Ontario set in some years prior to 1928?—A. Yes, the Toronto mail order sales showed a decline from the year 1925; the decline in Winnipeg did not commence until three years later.

Q. Now then, you have?—A. Statement N-3 shows the number of catalogues issued in each year from 1928 to 1933. In 1928 there were a total Spring and Fall of 927,000 catalogues issued; in 1929 these amounted to 943,000 catalogues, in 1930 to 935,000 catalogues, in 1931 to 904,000, in 1932 to 857,000 plus 490,000 copies of the year book, and in 1933 there were 854,000 copies of the catalogue issued.

Q. Have you anything which would indicate how the average sale has been affected?

The CHAIRMAN: Could you give us the number of transactions and the average sales, the same as you did in Toronto?

The WITNESS: In statement I-3 is shown the average sale of the Winnipeg mail order division for the last five years only: in 1929 it was \$1.74, in 1930 it was \$1.54, in 1931 it was \$1.72, in 1932 it was \$1.23, and last year, 1933, it was \$1.20.

By Mr. Young:

Q. Can you tell me the difference between the catalogue and the year book?

The CHAIRMAN: One might be a seasonal catalogue I suppose.

The WITNESS: The catalogue is a semi-annual catalogue, the regular catalogue which they issue every spring and fall; in 1932 they issued this Year Book in addition.

By Mr. Young:

Q. Did they make the catalogue any smaller when they issued the Year Book?—A. I think the Year Book just dealt with heavy hardware and furniture.

Q. It was carried throughout the whole year, I see.

By Mr. Ilsley:

Q. Were the figures you gave last the sales per catalogue?—A. The average sales of the mail order division.

By Mr. Sommerville:

Q. Have you any figures to indicate the sales per catalogue?—A. You could divide the number of sales by the number of catalogues issued.

Q. I thought perhaps you may have had it—that is the way in which you arrive at it?—A. That is the way in which it could be arrived at.

Q. And the number of catalogues issued last year was 854,000, and the sales were?—A. There were 14,331,000 different sales on statement I-3—the number of sales transactions.

Q. I want the dollar transactions.

By the Chairman:

Q. About seventeen individual sales per catalogue?—A. Seventeen sales and about \$20,000 for each catalogue.

Q. \$20,000? Oh, no?—A. \$20.

Q. That's better. You are so used to speaking of thousands and millions that you cannot think in units now. About \$20 a catalogue. It is a pretty costly way of doing business.

Mr. YOUNG: How much has that fallen off in recent years?

Mr. SOMMERVILLE: It was 17,000,000 last year as against 28,000,000 in 1925.

Mr. YOUNG: There would be a different number of catalogues issued also.

The CHAIRMAN: There would be more catalogues issued back a bit.

The WITNESS: About \$30 in 1928.

Mr. KENNEDY (*Peace River*): That is about the increase in the value of money.

By Mr. Sommerville:

Q. Now, what is the next statement with which you have furnished us?—A. Statement NN-1 shows examples of purchases and the mark-up percentage in various departments of the Winnipeg mail order division. They are all shown on the same statement of seven pages.

Q. Take one or two of these departments—for example, men's—A. Men's clothing department?

Q. Yes, men's clothing department. Take the first one?—A. Young men's all-wool Saxony finish suits laid down \$9.67, catalogue selling price \$15, mark-up percentage on cost 55·12 per cent.

Q. Here is a large quantity—a \$1,350 purchase?—A. All fancy striped worsted suits, laid down \$9.54, catalogue price \$13.75, mark-up percentage 44·13 per cent.

Q. Next item, blue Botany serge suits?—A. Laid down at \$11.60, sold for \$16.95, mark-up percentage on cost 46·3 per cent.

Q. Overalls?—A. Men's overall pants laid down at 80 cents, sold for \$1, mark-up percentage on cost 25·16 per cent.

Q. High backed denim overalls?—A. Laid down at \$1.21½, sold for \$1.69, mark-up percentage on cost 39·09 per cent. Men's high backed overalls, laid down at \$1.28, sold for \$1.80, mark-up percentage on cost 40·29 per cent.

Q. Now, in that department what was the gross profit after write-downs and shortages?—A. 32·93 per cent on cost.

Q. Men's and boys' shirts—work shirts?—A. Work shirts laid down at 48·7 cents, sold for 75 cents, mark-up percentage on cost 54 per cent.

Q. Men's work shirts?—A. Collar attached laid down for 97 cents, sold for—two sold for \$1.45, mark-up percentage 48·87 per cent.

Q. Take the last one on that page. Made in Winnipeg, double duty chambray shirts?—A. Laid down 73 cents, sold for \$1.15, mark-up percentage 58·14 per cent. Women's and misses' suits and coats, fine all-wool crepe laid down \$8.48, sold for \$12.95, mark-up percentage on cost—initial mark-up 52·7 per cent.

Q. The next—fine all-wool crepe misses' suits?—A. Laid down for \$6.89, selling price \$10.95, mark-up percentage 58·9 per cent.

Q. Take the next one?—A. Laid down for \$4.77, sold for \$7.95, mark-up percentage 66·6 per cent on cost.

Q. Three-piece check suits?—A. Laid down at \$3.98, sold for \$6.95, mark-up percentage 74·8 per cent. Chevron fleck tweed coats, laid down at \$4.77, sold for \$6.95, initial mark-up percentage 45·7 per cent.

Q. And your maintained mark-up in that department after write-downs was how much?—A. 40·4 per cent on cost.

Q. Farm implements—your maintained profit on that department was how much?—A. 33·16 per cent on cost.

Mr. YOUNG: What page is that?

The WITNESS: Page 5.

By Mr. Sommerville:

Q. And then your maintained mark-up on men's and boys' boots?—A. 42·8 per cent on cost.

Q. Batteries—you dealt with batteries in the store? What is NN-2?—A. NN-2 and NN-11 are the comparative operating statements of certain of the departments for which examples of price spreads are shown in statement NN-1. These show comparative operating results in the different departments selected.

Q. And they are assembled in the general statement which you gave us at the beginning?—A. Yes. The results of each department are shown in that statement N-1; but this statement NN-2 and this statement NN-11 show the comparative results of these particular departments.

Q. Turn now to statement O-1?—A. Before we do that, Mr. Sommerville, I might answer a question which you asked the other day about the average initial mark-up obtained by the Toronto stores and the Winnipeg store prior to mark-downs and prior to shortages.

Q. Oh, yes?—A. The average initial mark-up of the Toronto stores unit in the year 1929 was 48·1 per cent on cost in that year.

Q. That was what was maintained?—A. No. The average initial mark-up. The mark-downs amounted to 8·7 per cent on cost and waste and shortage to 1·2 per cent, which reduced the average maintained gross profit percentage on cost to 38·2 per cent.

The CHAIRMAN: That is 1929?

The WITNESS: 1929. The next year the average initial mark-up was 48 per cent; in 1931 it was 50·1 per cent; in 1932 it 54·4 per cent; and in 1933 it was 57·9 per cent.

By Mr. Sommerville:

Q. Last year, then, the average initial mark-up over the whole store on all the range of goods was 57·9 per cent on cost?—A. Yes.

Q. And what was the write-down?—A. In 1933 the mark-downs were 48·9 per cent.

Q. No, the write-downs?—A. The reductions in selling price—

Q. What was the average over the whole store in the reduction?—A. 48·9 per cent.

Q. Oh, no.

Mr. YOUNG: That is the remainder.

The CHAIRMAN: The deductions and then the net. You are giving us the maintained mark-up.

The WITNESS: The initial mark-up was 57·9 per cent. The total reductions amounted to 10 per cent.

The CHAIRMAN: Yes.

By Mr. Sommerville:

Q. And that left?—A. 47·9 per cent or 48 per cent as the maintained mark-up.

Q. That is, the maintained mark-up on the Toronto store over all departments for 1933 was 48 per cent?—A. Yes.

Q. As against?—A. 38 per cent.

Q. In 1929. Now, what about the Winnipeg store?—A. In Winnipeg the initial mark-up percentage on cost in the year 1929 was 43·2 per cent. The deductions amounted to 9·5 per cent, leaving a maintained gross profit percentage on cost of 33·7 per cent in the year 1929; and the initial mark-up percentage in 1930 was 45·8 per cent; in 1931 it was 46·7 per cent; in 1932 it was 47 per cent; in 1933 they show a slight deduction to 45·9 per cent. In 1933 the reductions amounted to 9·8 per cent, leaving a maintained average gross profit percentage on cost of 36·1 per cent.

Q. In the Winnipeg store?—A. Yes.

By the Chairman:

Q. Twelve per cent below the maintained mark-up of the Toronto organization?—A. Yes.

Q. And they showed a profit of—A. They showed a profit of over \$100,000 in that store.

Q. And the mail order business \$900,000.

By Mr. Sommerville:

Q. The maintained mark-up in the Winnipeg store. Or put it this way, the maintained mark-up in the Toronto store was 48 per cent and in the other store it was 36 per cent which left a difference of 12 per cent?—A. Yes.

Q. And that is the Winnipeg mark-up maintained is about 25 per cent less than the maintained mark-up in the Toronto store?—A. Yes.

Q. Turning to the Montreal store, you have a few statements on that indicating the position there?—A. Statement O-1 shows the results in each of the departments of the Montreal store in the year 1933. The store showed a net profit in the year 1933 of \$111,480.

Q. Yes?—A. Statement O-2 shows the total expenses charged to each department. Statement O-3 shows the comparative operating results of the Montreal store since its acquisition in 1925.

THE T. EATON CO. LIMITED OF MONTREAL
(Montreal Store)

COMPARATIVE OPERATING STATEMENT FOR THE YEARS

	*1925	1926	1927	1928	1929	1930	1931	1932	1933
Sales.....	9,975,298	13,498,861	17,182,563	20,589,284	22,849,623	21,979,663	19,104,887	16,072,958	15,053,219
Inventory at beginning of year at Estimated Value (Cost 1925 only).....	1,161,013	1,064,228	1,215,955	1,344,213	1,686,788	1,754,532	1,768,145	1,542,303	1,412,191
Purchases at Cost (Including Freight, Sales Tax, Exchange, Travelling Expenses, Advertisements and some Overhead Expenses—Less Discounts Received).....	8,091,573	9,940,716	12,536,997	15,045,768	16,455,436	15,855,899	13,465,515	11,236,095	10,597,157
Total.....	9,252,586	11,004,944	13,752,952	16,389,981	18,142,224	17,610,431	15,233,660	12,778,398	12,009,348
Less—Inventory at end of Year at Estimated value.....	1,064,520	1,215,955	1,344,213	1,680,988	1,754,532	1,768,145	1,542,303	1,412,191	1,483,529
Cost of Sales.....	8,188,066	9,788,989	12,408,739	14,708,993	16,387,692	15,842,286	13,691,357	11,366,207	10,525,819
Gross Profit.....	1,787,232	3,709,872	4,773,824	5,880,291	6,461,931	6,137,377	5,413,530	4,706,751	4,527,400
Mark Up Percentage.....	21.8%	37.9%	38.5%	40.0%	39.4%	38.7%	39.5%	41.4%	43.0%
Workroom Wages—(Spring 1925 W. R. Wages included in Purchases at Cost).....	111,281	249,830	275,985	335,114	380,553	369,352	309,144	243,582	233,381
Net Gross Profit.....	1,675,951	3,460,042	4,497,839	5,545,177	6,081,378	5,768,025	5,104,386	4,463,169	4,294,019
Net Mark Up Percentage.....	20.5%	35.3%	36.2%	37.7%	37.1%	36.4%	37.3%	39.3%	40.8%
Expenses.....	2,488,071	3,144,829	4,034,031	4,660,875	4,937,539	4,956,668	4,887,830	4,344,024	4,182,539
NET PROFIT OR LOSS.....	812,120	315,213	463,808	884,302	1,144,039	811,357	216,556	119,145	111,480

*Not complete year.

The WITNESS: Referring to statement O-3, the Montreal store in 1926 showed a net profit of \$315,213, which increased to \$1,144,000 in the year 1929, and has shown a decrease in each year since then to \$111,480 in 1933.

Statement O-4 shows the comparative operating results of four different groups of departments which we examined into.

Statements O-5 to O-8 show examples of price spreads on purchases by these four groups of departments.

THE T. EATON CO. LIMITED OF MONTREAL
WOMEN'S COATS, SUITS AND DRESSES, DEPTS. G-12, 14, 32.—EXAMPLES OF PRICE SPREADS

Example No.	Description of Goods	Total Amount of Order	Examples of Shipments					Initial Mark-up Percentage to Cost
			Date of Invoice	Unit Invoice Cost	Sales Tax	Unit Laid-down Cost	Unit Selling Price	
		\$		\$	\$	\$	\$	%
1	Dresses.....	693.00	Sept. 28, 1933	10.00	0.60	10.60	19.50	84.0
2	Dresses—Pastels.....	1,314.00	June 6, 1933	3.10	0.19	3.29	5.98	82.0
3	Dresses—Assorted.....	732.00	Sept. 12, 1933	14.50	0.70	15.20	29.50	94.1
				17.50	0.84	18.34	35.00	90.8
				21.00	1.01	22.01	35.00	59.1
	Example No. 3, Average mark-up.....							79.2
4	Suits—Swagger.....	1,113.00	April 29, 1933	5.57	Included	5.57	9.95	78.6
5	Coats—Swagger.....	369.00	May 12, 1933	7.25	0.36	7.61	13.50	77.3
6	Jacket Dresses, Shadow Crepe.....	445.00	June 9, 1933	7.00	0.42	7.42	12.95	74.5
7	Coats.....	327.00	Feb. 2, 1933	21.75	1.30	23.05	45.00	95.2
				9.75	0.58	10.33	19.50	88.7
				21.75	1.30	23.05	39.50	71.4
				16.25	0.98	17.23	29.50	71.3
				8.75	0.52	9.27	15.00	61.8
				21.25	1.28	22.53	35.00	55.4
				9.75	0.58	10.33	15.50	49.8
	Example No. 7, Average mark-up.....							71.0
8	Coats.....	420.00	Mar. 22, 1933	16.50	0.99	17.49	29.50	68.6
9	Suits and Coats.....	427.00	Jan. 28, 1934	18.00	0.90	18.90	35.00	85.1
				24.50	1.23	25.73	45.00	79.4
				19.50	0.98	20.48	35.00	70.9
				17.50	0.87	18.37	29.50	60.6
	Example No. 9, Average mark-up.....							67.2
10	Dresses.....	See No. 3	Sept. 12, 1933	11.50	0.55	12.05	22.50	86.7
				14.50	0.70	15.20	25.00	64.5
				21.00	1.01	22.01	35.00	59.0
	Example No. 10, Average mark-up.....							62.5

11	Coats.....	1,100.00	July 27, 1933	18.75 15.00 21.00 26.75 29.75 24.75 17.75 24.75 16.00 26.75	1.13 0.90 1.26 1.60 1.79 1.49 1.17 1.49 0.96 1.60	19.88 15.10 22.26 28.35 31.54 26.24 18.92 26.24 16.96 28.35	35.00 27.50 37.50 47.50 52.50 42.50 29.50 38.75 23.75 38.75	80.6 73.0 68.5 67.5 66.5 62.0 56.8 47.7 40.0 36.6
Example No. 11, Average mark-up.....								
12	Dresses, Syringa and Ondesc.....	3,193.00	May 10, 1933	3.71	Included	3.71	5.98	61.2
13	Dresses—Assorted.....	954.00	Oct. 28, 1933	2.00 2.00	0.12 0.12	2.12 2.12	3.95 2.95	86.3 39.2
Example No. 13, Average mark-up.....								
14	Dresses—Individual.....	1,198.00	Aug. 22, 1933	18.50 21.00	0.89 1.01	19.39 22.01	35.00 35.00	60.5 80.5 59.0
Example No. 14, Average mark-up.....								
15	Suits—No. 666, etc.....	559.00	Jan. 26, 1933	35.00 17.40 15.00	1.75 0.86 0.75	36.75 18.26 15.75	59.50 29.50 25.00	61.9 61.6 58.7
Example No. 15, Average mark-up.....								
16	Coats.....	1,267.00	Aug. 10, 1933	29.50 22.50 33.50 69.50 35.00 49.50 39.50	1.48 1.12 1.68 3.48 1.75 2.48 1.97	30.98 23.62 35.18 72.98 36.75 51.98 41.47	52.50 39.50 57.50 115.00 57.50 78.75 58.75	69.8 67.2 63.5 57.6 56.5 51.5 41.7
Example No. 16, Average mark-up.....								
17	Coats.....	1,633.00	July 26, 1933	59.50 69.50 79.50 45.50 35.50 49.50 31.09 39.75 41.50	3.57 4.17 4.77 2.73 2.13 2.97 1.86 2.38 2.49	63.07 73.67 84.27 48.23 37.63 52.47 32.86 42.13 43.99	110.00 125.00 139.50 79.50 58.75 78.75 47.75 58.75 58.75	74.4 69.7 65.5 64.8 56.1 50.1 45.3 39.4 33.6
Example No. 17, Average mark-up.....								
								58.1

THE T. EATON CO. LIMITED OF MONTREAL
WOMEN'S COATS, SUITS AND DRESSES, DEPTS. G-12, 14, 32.—EXAMPLES OF PRICE SPREADS

Example No.	Description of Goods	Total Amount of Order	Example of Shipment					Initial Mark-up Percentage to Cost
			Date of Invoice	Unit Invoice Cost	Sales Tax	Unit Laid-down Cost	Unit Selling Price	
		\$		\$	\$	\$	\$	%
18	Dresses.....	1,153.00	April 26, 1933	6.50	0.39	6.89	10.95	53.5
19	Dresses—Pastels.....	1,026.00	May 27, 1933	1.83	0.11	1.94	2.98	53.3
20	Coats.....	490.00	Oct. 2, 1933	12.50	0.63	13.13	19.75	50.5
21	Coats.....	1,010.00	Sept. 26, 1933	30.75	1.85	32.60	49.50	51.9
				29.75	1.79	31.54	45.00	42.7
	Example No. 21, Average mark-up.....							50.2
22	Dresses—Celanese.....	1,736.00	June 15, 1933	1.99	Included	1.99	2.98	49.9
23	Dresses—Party, "Sunday-Nite".....	735.00	Oct. 7, 1933	3.75	0.23	3.98	5.95	49.5
				3.75	0.23	3.98	3.95	Loss 0.8
	Example No. 23, Average mark-up.....							46.6
24	Dresses, "Day-Lee".....	3,320.00	Feb. 14, 1933	2.60	0.16	2.76	3.98	44.4
25	Dresses—Job Lot.....	1,072.00	Oct. 12, 1933	3.50	0.21	3.71	5.95	60.4
				3.50	0.21	3.71	3.95	6.5
				3.50	0.21	3.71	2.95	Loss 19.5
	Example No. 25, Average mark-up.....							39.6
26	Dresses, Jersey.....	827.00	Oct. 30, 1933	2.17	0.13	2.30	3.95	71.7
				2.17	0.13	2.30	2.95	28.3
	Example No. 26, Average mark-up.....							38.5
27	Dresses.....	425.00	Sept. 13, 1933	11.75	0.56	12.31	15.75	27.9
				12.75	0.61	13.36	15.75	17.9
	Example No. 27, Average mark-up.....							24.2

NOTE.—Freight in not shown in out-of-town invoices.
Mark-up percentage is computed on total.

THE T. EATON CO. LIMITED OF MONTREAL

WOMEN'S SHOES—DEPARTMENTS S-20-24

Examples of Price Spreads

PRICE SPREADS AND MASS BUYING

Example No.	Description of Goods	Total Amount of Order	Date of Invoice	Examples of Shipments					Initial Mark-up Percentage to Cost
				Unit Invoice Cost	Add Sales Tax	Deduct Cash Discount	Unit Laid-Down Cost	Unit Selling Price	
		\$		\$	\$	\$	\$	\$	\$
1	Slippers.....	232 00	Oct. 10, 1933	0.67 $\frac{1}{2}$	0.04	.....	0.71 $\frac{1}{2}$	1.29	80.4
2	Slippers.....	919.00	Nov. 16, 1933	1.10	0.06	0.11	1.05	1.95	85.7
				1.15	0.06	0.12	1.09	1.95	78.9
	Example No. 2 Average Mark-up.....								80.0
3	Shoes.....	1,196.00	May 10, 1933	2.30	0.14	.....	2.44	4.00	73.9
				2.35	0.14	.....	2.49	4.00	70.2
				2.40	0.14	.....	2.54	4.00	66.7
	Example No. 3 Average Mark-Up.....								70.2
4	Carriage Boots, Velvet.....	1,007 00	Oct. 26, 1933	1.90	0.11	.....	2.01	3.35	66.3
5	Shoes.....	1,466.00	Mar. 12, 1933	2.65	0.08	.....	2.73	4.50	64.8
6	Shoes, Kid.....	6,986.00	Jan. 20, 1933	6.24	0.19	0.26	6.17	10.50	63.4
				5.38	0.16	0.22	5.32	9.00	62.5
				5.62	0.17	0.23	5.56	9.00	49.6
	Example No. 6 Average Mark-up.....								62.3
7	Shoes, Suede.....	1,516 00	Aug. 7, 1933	5.00	0.25	.....	5.25	8.50	61.9
8	Pumps, Suede.....	2,681 00	Aug. 4, 1933	3.55	0.18	.....	3.73	6.00	61.0
9	Shoes.....	2,852.00	Oct. 10, 1933	2.80	0.17	.....	2.97	4.75	60.0
10	Shoes.....	1,102 00	Aug. 25, 1933	1.60	0.10	.....	1.70	2.69	58.6
11	Shoes, Black Kid.....	1,494.00	Jan. 18, 1933	5.00	0.15	.....	5.15	8.50	55.3
12	Shoes, Beige Kid.....	1,055 00	May 18, 1933	3.70	0.22	.....	3.92	6.00	53.0
13	Rubbers.....	5,326.00	Nov. 20, 1933	2.36 $\frac{1}{2}$	Included	0.05	2.31 $\frac{1}{2}$	3.89	67.8
				2.36 $\frac{1}{2}$	Included	0.05	2.31 $\frac{1}{2}$	2.89	29.0
	Example No. 13 Average Mark-up.....								51.6
14	Shoes.....	3,143 00	July 25, 1933	2.50	0.15	.....	2.65	4.00	50.9
15	Shoes, Black Kid.....	1,638.00	Mar. 30, 1933	1.85	0.11	.....	1.96	2.95	50.4

THE T. EATON CO. LIMITED OF MONTREAL

WOMEN'S SHOES—DEPARTMENTS S-20-24

Examples of Price Spreads

Example No.	Description of Goods	Total Amount of Order	Date of Invoice	Examples of Shipments					Initial Mark-up Percentage to Cost
				Unit Invoice Cost	Add Sales Tax	Deduct Cash Discount	Unit Paid-Down Cost	Unit Selling Price	
		\$		\$	\$	\$	\$	\$	\$
16	Shoes, Kid.....	2,440 00	Feb. 22, 1933	3.25	0.08	.....	3.33	5.00	50.2
17	Shoes.....	2,050.00	Feb. 27, 1933	1.00	0.03	.....	1.03	1.79	73.8
				1 00	0 03	.....	1.03	1.39	33.0
	Example No. 17 Average Mark-up.....	.....	.....	.....	.....	.....	.....	.....	45.9
18	Shoes	1,450.00	June 2, 1933	1.90	0.11	.....	2.01	2.79	38.5
19	Shoes.....	2,163.00	Jan. 25, 1933	1.40	0.04	.....	1.44	1.99	38.0

By Mr. Sommerville:

Q. Take the furniture department?—A. The furniture department showed a profit in 1929 and 1930 and a loss in the next three years.

Q. And the mark-up there from 1926 increased from 10.1 per cent to 49.7 per cent?—A. That is correct.

Q. And men's clothing?—A. Men's clothing department showed a profit in every year except 1931; the mark-up percentage on cost was 29.7 per cent in 1929; 26.3 per cent in 1931; and 35.1 per cent in 1933.

Q. And in the women's and misses' dresses?—A. This department showed a small profit in 1929 and a loss in the next three or four years.

Q. And the mark-up?—A. The mark-up was 31.5 per cent in 1929 and 25.1 per cent in 1930, and increased to 34.9 in 1932; and decreased to 30.8 per cent in 1933.

Q. Then in women's shoes?—A. Women's shoes department—there are two departments, showed a profit in 1929, 1931 and 1932; and a loss in 1930 and 1933.

Q. Yes?—A. And the mark-up on gross profit percentage on cost was 31.9 per cent in 1929; 29.1 per cent in 1930; 31.8 per cent in 1931; 34.7 per cent in 1932; and 34.5 per cent in 1933.

Q. Those examples of price spreads on furniture are detailed, and the examples of price spreads on men's suits?—A. Are shown on statement O-6; women's suits and dresses and coats on statement O-7, and women's shoes on statement O-8.

MR. RICHARDSON: With reference to a statement that was filed yesterday—the summary of the Winnipeg personnel—that is, the number of employees was read into the record, and also statement WW-1 which was only a partial summary of the Winnipeg pay-roll, and I just wish to indicate that the figures in the statement were not entirely comparable to the number of employees. The question of the reductions in the Winnipeg wages were really set out as percentages on statement W, and statement WW-1 is only a partial statement of the total wages paid at Winnipeg.

By Mr. Sommerville:

Q. Now, Mr. Gordon, perhaps you will be good enough to just summarize these figures which you and your confreres have been presenting to us this week, and tell us briefly the indications, first of the gradual growth of the company?—A. On Monday we presented statements showing—in the form of a chronological history—how the business has increased its units, and its buildings, and its fixed assets, and so on since its inception. We also presented statements showing how the assets have increased, and how the volume of sales have increased to a peak of sales in the year 1929.

Q. These statements indicated from 1926 a very substantial expansion?—A. Yes.

Q. And the expansion in the increase of fixed assets?—A. In the first statement, C-1, which showed the comparative balance sheets of the company, the fixed assets less reserves for depreciation were shown at \$16,987,000 at the end of 1925.

Q. Yes?—A. And they were shown at \$63,330,000 at the end of 1933.

Q. That is to say, there is an increase of \$47,000,000 odd in fixed assets?—A. The actual increase was more than that as these figures were after deducting depreciation.

Q. Perhaps you can give us the actual increase?—A. That has been given.

Q. Then your figures indicate that certain units have been consistently losing money?—A. Yes.

Q. And can you just briefly intimate what they are?—A. Certain of the western units have been unprofitable. Those are the department stores acquired

in Saskatoon, Calgary, and some of the other western units. The Canadian Department Stores chain has shown losses, substantial losses; the groceterias have been unprofitable.

Q. Yes?—A. I think that covers the main units that have been acquired in the last two years that have been unprofitable.

The Toronto factory is the main factory owned by the company, and it has been unprofitable in the last few years and has shown a very marked decrease in the amount of its output.

Q. Yes. Then with the decline in the sales volume there has been a steady decline in net profits?—A. Yes. The net profits have declined since 1927. 1927 was the peak of the years which we have had under review.

Q. Perhaps you can indicate that decline?—A. Statement C-5, which dealt with the profit and loss account, showed that the profits in 1927 were \$8,081,000; they decreased in the next three years, and in 1931 and 1932 the company sustained losses. In 1933 they made a small net profit.

Q. Yes. Then what about the question of expenses, did they increase in proportion to the decrease in the sales?—A. No, they did not.

Q. What relation do they bear to the expenses?—A. I think that you should separate in this particular point the operations of the Toronto and the Winnipeg units. The expenses are higher in Toronto than in Winnipeg, but in both places, due to the large percentage of fixed charges, it is impossible to reduce expenses in relation to sales.

By Mr. Kennedy (Peace River):

Q. What expenses were reduced chiefly?—A. Wages have been reduced, salaries.

Q. Were they graduated in any way?—A. The actual reductions and when they took place were given in the evidence on the wages paid by the company. There were reductions put into effect from time to time, and the number of employees fluctuated.

By Mr. Sommerville:

Q. My recollection is—perhaps you have the figures before you—that the sales of 1926 amounted to \$132,000,000.—A. In 1924, the sales amounted to \$138,000,000. In 1926, they amounted to \$169,000,000, and in 1925 they amounted to \$225,000,000.

Q. What did they amount to in 1933?—A. \$132,500,000.

Q. What were the comparative figures in 1934?—A. \$138,700,000.

Mr. HEAPS: Dollars value only?

The WITNESS: Dollars value only.

By Mr. Sommerville:

Q. The expenses at that time amounted to?—A. The percentages of expenses to sales were considerably lower in 1934 than in 1933. I cannot give you the exact percentage.

Q. But there was apparently an immobility in the expenses that is reflected in the figures you have given us?—A. I think that is a fair statement.

Q. Then, because of this difficulty in reducing expenses, your figures reflect consistently an increased mark-up over the period of the last six or seven years?—A. I cannot say why there was the increase in the mark-ups. There was a very marked increase in the mark-up by the Toronto store units. The other units showed a slight increase, but not nearly to as great an extent.

Q. But over the operations of the whole company the mark-up was increased?—A. I think that would be the case. We have not grouped all the units—that is correct.

Q. I thought your figures reflected that definitely?—A. They did, yes.

Q. In other words, if those mark-ups had not been increased with the decreasing volume of sales, they would not have been able to meet the fixed expenses that had been accruing during those years?—A. Yes; they would not have shown the net profit in the year 1933.

Q. Then with that came, according to your figures, an increased advertising expense with a view to increasing sales?—A. That is correct.

Q. And at the same time with that came a decrease in wages, as you have indicated to Mr. Kennedy, throughout the organization?—A. The wages were reduced during this period, yes.

Q. Have you the amount of the wage reduction, or has that already been given to us?—A. They have already been put on the record.

Q. Then your figures reflect a decline in the Toronto mail order business since 1925?—A. I think that is an important point to be considered when the Toronto mail order division is being considered. Its business declined, commencing in 1926. The mail order business of the Winnipeg section did not start to decline until 1929, three years later; that is, in total dollar value of sales.

By the Chairman:

Q. In other words, the decline in the Toronto mail order business from 1925 to 1929 must be due to some other cause than depression?—A. Yes.

Q. That is clear?—A. Yes.

Q. And it was during that period that the Canadian Stores and the Groceteria system was substantially lodged, was it not?—A. The only point about the Canadian Department Stores that I think should be remembered when considering this point is, that first of all, these stores were in operation as independent units; then they were acquired by a company which operated them for a little more than a year, and then went into bankruptcy, and then they were sold to the T. Eaton Company Limited.

Q. They were not operated by the T. Eaton Company prior to that?—A. No.

By Mr. Sommerville:

Q. Then your figures reflect a lower cost of doing business in Winnipeg than Toronto?—A. Yes; the comparative statements showing the results of the three main stores, Toronto, Winnipeg and Montreal, and the two mail order divisions, Winnipeg and Toronto, shows that the percentage of expenses to sales in Winnipeg was considerably less in 1933 than in Toronto.

Mr. YOUNG: The percentage of wages was higher, was it not, if I remember rightly?

The WITNESS: Lower, I think.

By Mr. Sommerville:

Q. Then your figures indicate also that the T. Eaton Company factories have lost money from 1930 to 1933?—A. Yes.

Q. All of those losses on the operating units that have been losing money must be reflected back on the merchandising and operating units that have been making money?—A. Yes; the figures of the profits show the losses deducted, the losses of some units deducted from the profits of others.

Mr. YOUNG: The percentage of male wages was higher in Winnipeg?

Mr. RICHARDSON: Yes.

Mr. KENNEDY (*Peace River*): I do not think you have answered my question in regard to the wage reduction yet. Were the wage reductions graduated; was there a percentage reduction put through all along the line, or did the percentage increase with the higher wages and higher salaries?

Mr. RICHARDSON: The higher wages were reduced more than the lower wages, very considerably more.

Mr. KENNEDY (*Peace River*): What about the executives?

Mr. RICHARDSON: Their reductions were the largest.

By Mr. Sommerville:

Q. There was some evidence given while we were considering the Toronto store, about the method of buying, the unit of buying?—A. Yes.

Q. I think you referred to the fact that the books of the company indicated there was no indication of a single buying organization?—A. Yes. I wanted to make it clear when I said they did not make composite orders, I was only referring to the clerical procedure. I did not investigate how the actual buying took place.

Q. What you meant was there was no clerical?—A. They did not make out one actual order; they did not write out one order covering the purchases for all different units.

Q. But you do not know the method they adopt in arriving at or making their arrangements with the manufacturers themselves?—A. No.

Q. For the requirements of the whole organization?—A. Correct.

By Mr. Young:

Q. In going through this company's books, you found they were importing considerable quantities of goods?—A. About 13 per cent.

Q. Has that increased or decreased in the last five years?—A. I did not look into that.

Q. Can you tell me what percentage of the cost, we will say of worsteds, is represented by duty paid?—A. No, I cannot.

Q. You didn't look into that at all?—A. No.

By the Chairman:

Q. Mr. Gordon, with regard to the questions that you have just answered in narrative form, would you just see that the figures are prepared in a statement that will clearly indicate the answers to them?—A. Yes.

Q. Rather than in just a narrative form as your answers have been. Will you have the information tabulated, in answer to these questions?—A. Yes, I will.

The CHAIRMAN: I think that will be very helpful.

Mr. YOUNG: Just a minute. Are we through with these gentlemen altogether?

The CHAIRMAN: No, we are not through altogether, but we are through with this portion of the examination. I was going to just observe to the committee that we would adjourn until Tuesday morning, when we have the Hudson Bay and one or two other department stores' records to present. Subsequent to that, there is the question of the factories, whose orders were affected by this report, and other orders that have been examined. That story will be presented subsequent to what I have just indicated with regard to the other department stores. There are certain carryings-back, shall I say, of some of these figures we have had presented to us, into these other institutions and organizations. These will be presented and, as counsel reminds me, a composite picture of the whole story will be given by the auditors.

Mr. YOUNG: Just before we get too far away from that, Mr. Chairman, it seems to me that a very wrong impression is going abroad. It was stated the other day that the cost of the material that went into a suit of clothes was, we will say, \$3.50—I forget the exact figures.

Mr. HEAPS: About three-quarters of the total cost, in Simpsons.

Mr. YOUNG: That was cost of material.

Mr. SOMMERVILLE: We have the breakdown of the whole thing.

The CHAIRMAN: Yes, by the National Research Council, which will be presented. We can present that any time.

Mr. YOUNG: Just wait till you hear what I am getting at. The cost of the material was so much; labour was something less than \$2, the retail price of that suit was, we will say, \$20. The impression goes abroad in the country that in a \$20 suit there is only \$2 of labour. That is a very wrong impression and should not be allowed to get abroad. In looking here at the expenses of city delivery in Toronto, we find wages, \$678,000; bonuses, \$25,000. Bonuses are wages. Grooms, \$24,000. That also is wages. Wagon cleaners, \$12,000. That also is wages. Hardware, \$43,000, a large part of which is wages. Then we have rental charges. Rent may partly be interest on investment, but part of it will cover depreciation on buildings, which also is wages; interest and depreciation on furniture and fixtures, part of which—

The CHAIRMAN: That is a new one, Mr. Young. However, we are always learning.

Mr. YOUNG: What I want to get at is that I want to know how much of that suit is wages, not the actual wages paid in sewing up the cloth, but taking the wages all the way through. I think we should know that.

The CHAIRMAN: As I have already stated, we have had a very scientific statement prepared by the National Research Council, breaking down a \$16 suit and a \$21 suit in all its phases and parts. It has nothing to do with Eatons or Simpsons, but is a suit bought in a store here and then taken apart.

Mr. YOUNG: That will be satisfactory.

The CHAIRMAN: That will be presented by the National Research Council.

Mr. SOMMERVILLE: The figures that Mr. Young has quoted as to labour and costs were presented to the committee for the purpose of indicating only how much of the manufacturing of a suit was represented by labour, how much of the distribution cost was affected and how the one related to the other. That is all.

Mr. YOUNG: I am talking about the impression on the public mind. The public now think that there is only \$2 of labour in a \$20 suit.

The CHAIRMAN: I would like to agree with that summarization by you, Mr. Young. That is your view.

Now, we will adjourn until Tuesday morning at 11 o'clock. I want to thank the committee for their very careful and patient attendance this week. I also would like to say that I congratulate the auditors upon the marvellous manner in which they have assembled this very complicated group of facts, which they have presented in a most excellent manner. I thank them also.

The Committee adjourned at 12.40 p.m., to meet again on Tuesday, June 19, at 11 a.m.



HOUSE OF COMMONS, ROOM 368,

TUESDAY, June 19, 1934.

The special committee appointed to inquire into price spreads and mass buying met at 11 o'clock a.m., Hon. H. H. Stevens, presiding.

Mr. Norman Sommerville, K.C., of Toronto and Mr. W. W. Parry, K.C., of Toronto, appeared as counsel for the committee.

The CHAIRMAN: Order, gentlemen, the minutes of the last meeting record the names of the witnesses heard and certain exhibits filed. I declare the minutes approved.

WALTER GORDON, recalled.

By Mr. Sommerville:

Q. When we closed on Friday you were giving us some general observations on the result of the investigation of the T. Eaton Company in regard to expansion, sales, expenses, etc., and at that time it was suggested that they be put in the form of figures representative of the growth, development, sales and expenses of the company. Have you prepared them in the meantime?—A. I have, yes.

Q. And you have them now to submit to the committee?—A. Yes, sir.

Q. The first figures you are giving represent a brief summary of the important changes in the business of the T. Eaton Company, Limited?—A. Yes.

Q. As indicated by figures?—A. Yes.

19th June, 1934.

THE T. EATON CO. LIMITED

The following is a brief summary of the important changes in the business of The T. Eaton Co. Limited—

Growth of business since 1891:

Total Assets—

8th July, 1891..	\$ 885,000
30th Jan., 1901..	1,962,000
25th Jan., 1911..	10,712,000
26th Jan., 1921..	34,084,000
29th Jan., 1931..	107,745,000
11th Jan., 1934..	100,035,000

Sales—

1907..	\$ 22,428,000
1911..	45,613,000
1921..	125,058,000
1929..	225,361,000
1933..	132,500,000

Expansion since 1926:

- 1927—Factory started in Saint John, N.B.
Store opened in Hamilton.
Store opened in Moncton.
Store opened in Saskatoon.
Chain Groceterias started.
Mail Order Offices opened.
- 1928—Canadian Department Stores purchased.
Store opened in Moose Jaw.
Distributing Warehouse built in Edmonton.
Store opened in Halifax.
Construction of College Street Store, Toronto, commenced.
Additions made to Hamilton store.
- 1929—New store erected in Saskatoon.
Store opened in Calgary.
Store opened in Edmonton.

The cost of additional investment in Fixed Assets from 23rd January, 1926, to 11th January, 1934, was \$53,332,000.

Unprofitable Units:

The following units acquired since 1926 have proved to be unprofitable to date:—

- Saskatoon, Moose Jaw, Calgary and Edmonton Stores.
- Chain Groceterias in Ontario.
- Canadian Department Stores.
- College Street Store, Toronto.

Decline in Sales since 1929:

	Total Sales
1929..	\$225,361,000
1930..	205,149,000
1931..	171,984,000
1932..	142,415,000
1933..	132,500,000

The amount of the average transaction has declined as follows:—

	Toronto Stores	Winnipeg Store	Montreal Store
1929..	\$1 35	\$1 01	\$1 64
1930..	1 25	0 92	1 52
1931..	1 11	0 81	1 39
1932..	0 94	0 70	1 20
1933..	0 91	0 64	1 07

Decreasing Net Profits since 1927:

The net profits or losses of The T. Eaton Co. Limited and its subsidiaries after providing for depreciation but before provision for income taxes, have been as follows:—

1925..	\$5,196,000
1926..	6,972,000
1927..	8,081,000
1928..	6,075,000
1929..	3,730,000
1930..	959,000
1931..	2,454,000
1932..	2,075,000
1933..	878,000

Expenses—Stores:

The Sales, Expenses and the percentage of the expenses to sales of the Toronto, Winnipeg and Montreal Stores of the years 1925 to 1933 were as follows:—

TORONTO STORES

(Statement I-1)

	Sales	Expenses	Percentage to Sales
1925.. .. .	\$50,143,000	\$10,798,000	21.5
1926.. .. .	53,083,000	11,198,000	21.1
1927.. .. .	55,308,000	11,676,000	21.1
1928.. .. .	59,535,000	12,865,000	21.6
1929.. .. .	59,137,000	13,044,000	22.0
1930.. .. .	55,345,000	13,096,000	23.7
1931.. .. .	47,986,000	12,859,000	26.8
1932.. .. .	39,124,000	11,582,000	29.6
1933.. .. .	34,712,000	10,500,000	30.3

WINNIPEG STORE

(Statement M-2)

	Sales	Expenses	Percentage to Sales
1925.. .. .	\$25,059,000	\$ 4,936,000	19.7
1926.. .. .	27,055,000	5,501,000	20.4
1927.. .. .	27,561,000	5,761,000	20.9
1928.. .. .	30,346,000	6,412,000	21.1
1929.. .. .	29,869,000	6,361,000	21.3
1930.. .. .	27,918,000	6,196,000	22.2
1931.. .. .	23,326,000	5,412,000	23.2
1932.. .. .	20,054,000	4,879,000	24.4
1933.. .. .	18,341,000	4,441,000	24.2

MONTREAL STORE

(Statement O-3)

	Sales	Expenses	Percentage to Sales
1926.. .. .	\$13,499,000	\$ 3,145,000	23.3
1927.. .. .	17,183,000	4,034,000	23.5
1928.. .. .	20,389,000	4,661,000	22.6
1929.. .. .	22,850,000	4,937,000	21.6
1930.. .. .	21,980,000	4,957,000	22.6
1931.. .. .	19,105,000	4,888,000	25.6
1932.. .. .	16,073,000	4,344,000	27.0
1933.. .. .	15,053,000	4,183,000	27.8

The sales, expenses and the percentage of the expenses to sales of the Toronto and Winnipeg Mail Order Divisions for the years 1925 to 1933 were as follows:—

TORONTO MAIL ORDER

(Statement J-1)

	Sales	Expenses	Percentage to Sales
1925.. .. .	\$24,293,000	\$ 4,527,000	18.6
1926.. .. .	24,071,000	4,632,000	19.2
1927.. .. .	23,596,000*	4,790,000	20.3
1928.. .. .	20,054,000*	4,389,000	21.9
1929.. .. .	16,521,000*	3,920,000	23.8
1930.. .. .	14,598,000*	3,729,000	25.5
1931.. .. .	14,750,000	3,957,000	27.0
1932.. .. .	11,822,000	3,146,000	26.7
1933.. .. .	11,423,000	2,862,000	25.1

*The Montreal Mail Order Division covered part of the territory in these years.

SPECIAL COMMITTEE
WINNIPEG MAIL ORDER

(Statement N-2)

	Sales	Expenses	Percentage to Sales
1925..	\$32,025,000	\$ 5,794,000	18.1
1926..	31,874,000	5,954,000	18.7
1927..	32,163,000	6,139,000	19.1
1928..	33,201,000	6,472,000	19.5
1929..	29,275,000	6,174,000	21.1
1930..	22,027,000	5,417,000	24.6
1931..	17,382,000	4,519,000	26.0
1932..	16,621,000	4,177,000	25.1
1933..	17,139,000	4,014,000	23.4

Increased Percentage of Gross Profit to Cost of Sales (maintained mark-up percentage):

	Toronto Stores	Winnipeg Store	Montreal Store	Toronto Mail Order	Winnipeg Mail Order
1925..	34.65	32.1	....	32.7	35.2
1926..	36.55	31.7	37.9	33.4	55.3
1927..	39.44	32.5	38.5	35.5	37.3
1928..	39.41	33.9	40.0	36.0	36.9
1929..	38.18	33.7	39.4	36.4	37.7
1930..	37.24	35.9	38.7	38.1	38.5
1931..	39.35	36.3	39.5	38.2	40.2
1932..	44.37	36.0	41.4	43.0	40.5
1933..	47.85	36.1	43.0	43.5	40.6

Increased Advertising as a Percentage to Sales—Toronto Stores:

The percentages of the newspaper advertising of the Toronto Stores to sales for the years 1926 to 1933 are as follows:—

	Cost of Newspaper Advertising	Sales	Percentage of Advertising to Sales
1926..	\$544,213	\$53,083,000	1.03
1927..	571,301	55,308,000	1.03
1928..	673,278	59,535,000	1.13
1929..	715,293	59,137,000	1.21
1930..	806,465	55,345,000	1.46
1931..	792,053	47,986,000	1.65
1932..	828,963	39,124,000	2.12
1933..	878,770	34,712,000	2.53

The above only includes the newspaper advertising; the percentage of the total advertising to sales would be higher.

Decreased Wages and Salaries in Recent Years:

The percentage reduction in the average salaries and wages at 1st May, 1933, compared with 9th May, 1929, of employees earning \$50 per week or less is as follows. (This does not include factory employees):—

	Percentage	
	Male	Female
Winnipeg Unit..	9.8	9.7
Toronto Unit..	19.7	14.2
Montreal Unit..	21.1	15.1
Moncton Unit..	22.2	21.2

In addition to the reduction in the wage rates the number of employees has also been reduced. A summary of the total number of employees and the total payroll including executive salaries, is as follows:—

	Number of Employees	Total Payrolls including Executives' Salaries
1929..	30,764	\$41,198,000
1930..	29,620	38,384,000
1931..	27,345	32,674,000
1932..	25,063	28,401,000
1933..	25,736	24,945,000

Comparatively higher cost of doing business in Toronto:

The percentages of total expenses, including buying charges, etc., to sales in the five largest units of the business in 1933 were as follows:—

	Percentage
Toronto Stores..	31.4
Winnipeg Store..	25.0
Montreal Store..	29.1
Toronto Mail Order..	25.9
Winnipeg Mail Order..	24.3
An average of..	27.9

The T. Eaton Co. Limited Factories:

The "invoiced output" and the net profit or loss of the manufacturing departments of The T. Eaton Co.'s Toronto Factory follows:—

	Invoiced Output	Net Profit or Loss
1927..	\$11,069,000	\$304,936
1928..	11,198,000	383,830
1929..	9,757,000	203,620
1930..	8,712,000	107,540
1931..	6,707,000	265,886
1932..	5,386,000	84,126
1933..	3,508,000	164,153

Q. The first indicates the growth of the business since 1891?—A. Yes, sir.

Q. From a business of total assets of \$885,000 to total assets of \$100,000,000?—A. At 11th January, 1934.

Q. And their total sales—the second indicates the growth of sales from 1907 of \$22,000,000 to 1933 of \$132,500,000?—A. Yes, sir.

Q. And the third item indicates the expansion that has taken place since 1926?—A. Yes.

Q. In the year 1927 that expansion consisted of the opening of a factory at St. John, the opening of a store in Moncton and the opening of a store in Saskatoon; the opening of chain grocerias throughout the country; and the opening of a large number of mail order offices throughout the country?—A. Yes.

Q. The year 1928 saw the development of the purchases of the twenty odd stores known as Canadian Department Store?—A. Yes.

Q. And the opening of a new store in Moose Jaw, the completing of a warehouse in Edmonton, the opening of a store in Halifax and the construction of the College Street store in Toronto?—A. Yes.

Q. 1929 saw the new store erected in Saskatoon, a store opened in Calgary and a store opened in Edmonton?—A. Yes.

Q. And the cost of additional investments in fixed assets from 23rd January, 1926, to 11th January, 1934, was \$53,332,000. That is, total additional fixed asset investment in the eight year period?—A. Yes.

Q. The fixed assets having grown from about \$12,000,000 to a total of about \$65,000,000?—A. Yes. I do not know in these figures—this is the growth exclusive of depreciation.

Q. That is exclusive of depreciation?—A. This \$53,000,000 represents the additional cost of fixed assets through that period and does not take into account any write-ups or appraisals.

Q. Yes, I appreciate that. The next item in your summary indicates that the following units acquired since 1926 have proved to be unprofitable to-day: the store at Saskatoon, the store at Moose Jaw and the store at Calgary and the store at Edmonton?—A. Yes.

Q. The chain grocerias throughout Ontario, the Canadian Department Stores and the College Street store at Toronto?—A. Yes.

Q. The next summary—A. I think I should make that clear. On these unprofitable units, that means that their operations have not resulted in a net profit on the company as far as profit and loss account are concerned, not taking into account any intangible thing—

Q. These are the units which on their profit and loss statement show a loss?—A. Yes, sir.

Q. And the chain groceterias in Ontario numbered how many?—A. Thirty odd.

Q. And the Canadian Department Stores numbered how many?—A. Twenty-two.

Q. Declining sales since 1929 indicates that sales from 1929 to 1933 declined from \$225,000,000 in 1929 to \$132,000,000 in 1933?—A. Yes, sir.

Q. And that the average of the transactions declined at Toronto from \$1.35 to 91 cents per transaction; at Winnipeg from \$1.01 to 64 cents; at Montreal from \$1.64 to \$1.07; and that the net profits or losses of the T. Eaton Company and its subsidiaries during the years are thus set out year by year?—A. Yes.

Q. Indicating that from 1925—A. They had a net profit of \$5,196,000, and that is after providing for depreciation but before providing for Dominion income tax.

Q. And that in 1925 on fixed assets of something like \$12,000,000 the profits were \$5,196,000, and these have declined in 1931 when there was a loss of \$2,400,000, in 1932 when there was a loss of \$2,075,000, in 1933 there was a profit of \$878,000 on the operations of the company for the year before providing for income taxes?—A. Yes.

Mr. KENNEDY (*Winnipeg*): In that last statement or summary there is no indication of which are losses and which are profits.

Mr. SOMMERVILLE: The one I have before me indicates red figures—the red figures are for the years 1931 and 1932.

Mr. HEAPS: If you show these losses I am afraid you might give encouragement to the company to come to the government for assistance.

Mr. SOMMERVILLE: These are just facts. The next statement of expenses is further amplified by a statement which you are now putting in and which will go into the record at this place.

By Mr. Sommerville:

Q. And that new section shows that for Toronto the total sales and expenses and the percentage of the expenses to sales of the Toronto, Winnipeg and Montreal stores are set out?—A. Yes.

Q. In the case of Toronto the sales in 1925 were \$50,000,000?—A. That is correct.

Q. And the expenses were \$10,000,000?—A. \$10,798,000.

Q. And the percentage of these expenses to sales was 21.5 per cent?—A. Yes, sir.

Q. While in 1933 the sales had declined to \$34,000,000, the expenses were still \$10,500,000, and the percentage of those expenses to sales had increased from 21 per cent in 1925 to 30.3 per cent in 1933?—A. Yes, sir.

Q. Now, that is in the Toronto store. In the Winnipeg store the sales were \$25,000,000 in 1925 and they declined to \$18,000,000?—A. Yes.

Q. And the expenses were—A. 19.7 per cent, \$4,736,000 in 1925 or 19.7 per cent of sales; expenses in 1933, \$4,441,000 or 24.6 per cent of sales.

Q. The sales had declined by \$7,000,000, and the expenses had declined just half a million dollars?—A. Approximately.

Q. While the percentage of expenses to sales had increased from 19.7 per cent in 1925 to 24.6 per cent in 1933?—A. Yes.

Q. And that expenses to sales of 24·6 is in comparison with the Toronto expenses to sales of 30·3?—A. That is correct.

Q. And in Montreal in 1926 you had sales of— —A. \$13,499,000, expenses of \$3,145,000, the percentage to sales being 23·3 per cent. The percentage was reduced in 1929 to 21·7 per cent of sales, but in the year 1933 on sales of \$15,053,000 the expenses amounted to \$4,183,000, or 27·9 per cent to sales.

Q. That is, on sales of a million and a half more than in 1926 the expenses had increased one million dollars?—A. Yes.

Q. And the percentage of expenses to sales increased from 23 to 27·9 per cent?—A. From 23·3 to 27·9 per cent.

Q. And then the same figures for the mail order business in Toronto and Winnipeg show the sales of the Toronto mail order at what amount?—A. In 1925 the Toronto mail order sales were \$24,293,000, the expenses \$4,527,000, the percentage of sales 19·6; in 1933 the sales amounted to \$11,423,000, the expenses \$2,862,000 or 25·1 per cent of sales. There is one thing I would like to point out in connection with the Toronto mail order: In the years 1928, 1929, 1930 and 1931, the company operated a mail order division in Montreal which would account for part of the decline in the business of the Toronto mail order in these four years.

Q. Oh, yes.—A. Winnipeg mail order sales in 1925 were \$32,025,000, expenses \$5,794,000 or 18·1 per cent of sales; in 1931 the percentage of sales amounted to 26 even, it has declined in the year 1933 to 23·4 on sales \$17,139,000.

By Mr. Ilsley:

Q. Were the carrying charges of the mail order business in Toronto affected by the increased value of the fixed assets?—A. No.

Q. It was the other part of their business in Toronto which was carrying these charges?—A. Yes, except that the mail order—yes, that is substantially correct.

By Mr. Sommerville:

Q. Was there any portion of that expansion reflected in the increased cost of the mail order?—A. No. The mail order building was sold with the other buildings of the realty company, and was appraised at the same time, but the carrying charges were not increased.

By Mr. Young:

Q. Do these figures shown in the second column of page 2, the percentage of those profits to sales—in Winnipeg 36·1 per cent, in Toronto 47·85 per cent, and in Montreal 43 per cent—does that indicate that retail prices were lower in Winnipeg than in these other places?—A. Not necessarily, it indicates that the percentage of gross profits to cost was lower in Winnipeg than in the other units.

By Mr. Sommerville:

Q. How about the maintained mark-up?—A. The maintained mark-up percentage on cost may have been higher due to freight charges.

By Mr. Young:

Q. It would not make that much difference would it?—A. I would not think so.

Q. I would think that Winnipeg would get these goods at approximately the same price as the other two, but were satisfied to have a lower mark-up, which would seem to indicate to me that the retail price was lower in Winnipeg?—A. We did not make any comparison of the prices at which individual items of merchandise sold in Toronto and Winnipeg.

By Mr. Ilsley:

Q. But the figures you have given indicate that the percentages of the total expenses of the Toronto stores to sales, excluding the Toronto mail order business, increased by about 9 per cent; that is to say, 9 per cent of the sales?—A. Yes.

Q. That is much greater than the increase at Winnipeg, which is only about 5 per cent; and at Montreal, which is only about 4 per cent?—A. Yes.

Q. Now, is that due to this large expansion of the fixed assets at Toronto employed in carrying on the business of the Toronto store?—A. I think that the carrying charges in Toronto are heavier than in the other units.

By Mr. Sommerville:

Q. By the proportion shown?—A. Approximately. These expenses include all the other items of expense; but the main reason for the difference would be the heavier carrying charges in Toronto.

By Mr. Young:

Q. You do not know whether that is reflected in prices or not?—A. I think that would be difficult for me to answer.

Mr. SOMMERVILLE: How can it be otherwise?

Mr. NASH: I do not think that could be answered except by a very very exhaustive study of selling prices. It may be that the Toronto store is buying better than the others.

Mr. ILSLEY: It is reflected in mark-ups.

The WITNESS: The mark-ups are higher in Toronto than in Winnipeg.

By Mr. Heaps:

Q. Isn't it a fact that standard brand goods are marked at the same prices in Winnipeg as in Toronto?—A. I could not tell you that. We did not make a comparison of selling prices for individual items of merchandise.

Q. I have seen that for myself.

Mr. KENNEDY (*Peace River*): It could not be anything else.

The WITNESS: There is no question that the average mark-up is higher in Toronto than in Winnipeg. I cannot tell you about the cost.

By Mr. Sommerville:

Q. When you show an increase in the percentage of expenses from 21 to 30 per cent in Toronto, that is an increase of 9 per cent—that is a very substantial increase, isn't it?—A. In the year 1925, 21 cents of the sales dollar went to expenses; in 1933 the proportion was 30 cents.

The CHAIRMAN: That is a terrific increase, it is nearly 50 per cent.

Mr. NASH: That is in relation to sales. The expenses were actually a couple of hundred thousand dollars less than Toronto.

Mr. SOMMERVILLE: In relation to sales that represented an increase of about 40 per cent.

Mr. YOUNG: If a sufficient volume of business had been maintained, this would not have happened.

The CHAIRMAN: That does not happen.

The WITNESS: In 1930 the sales were fifty-five million, five million more than in 1925; and in that year the percentage of expenses to sales was 23·7, it had gone up from 21·5 in spite of the increase in the volume of business.

By Mr. Sommerville:

Q. The next set of figures you have given us shows the increase in the percentage of gross profits to the cost of sales; that is the maintained mark-up percentage?—A. Yes.

Q. And in the Toronto stores that had increased by what amount?—A. In 1925 it was 34·65 per cent on cost of sales, and in 1933 it was 47·85 per cent on cost of sales.

Q. And what was the increase in the mark-up in the Winnipeg store?—A. In 1925 it was 32·1 per cent on cost, and in 1933 it was 36·1 per cent on cost.

Q. And in Montreal?—A. In 1926 it was 37·9 per cent on cost, and in 1933 it was 43 per cent on cost.

Q. Now, in the mail order?—A. The Toronto mail order in 1925 was 32·7 per cent on cost, and in 1933 it was 43·5 per cent on cost.

Q. And the Winnipeg mail order?—A. In 1925 was 35·2 per cent on cost, and in 1933 it was 40·6 per cent on cost.

Q. And the next set of figures indicate the increase in advertising in percentage of sales at the Toronto store?—A. Yes.

Q. That increase was?—A. From 1·03 per cent—this is newspaper advertising only, that is in the four daily papers—in 1926 it was 1·03 per cent of sales, and in 1927 it was 2·53 per cent of sales.

Q. That is an increase of more than one hundred per cent?—A. Yes.

By Mr. Young:

Q. How do you account for that doubling in the amount of advertising when their sales are falling off?—A. I think they are doing more advertising, Mr. Young; the number of lines of advertising has very greatly increased in spite of the decline in these sales.

By Mr. Sommerville:

Q. Your costs had increased from 1926, they amounted to what?—A. \$544,000, and in 1933 they amounted to \$878,000 for that type of advertising only.

Q. That is an increase of about 50 per cent in the advertising, in the cost of the newspaper advertising?—A. Not quite 50 per cent.

Mr. ILSLEY: Sales were some \$19,000,000 less.

Mr. YOUNG: I suppose the moral of that is, if people have no money with which to buy goods, you cannot persuade them to do so by advertising.

Mr. SOMMERVILLE: I do not know that there is any moral to be drawn from it, except that the increase was undertaken with a view to finding a way of taking care of their increased overhead.

By Mr. Sommerville:

Q. And on the next statement you indicate the decrease in wages and salaries in recent years at the Winnipeg unit?—A. We took two dates, the first of May, 1933, and the 9th of May, 1929. Taking the Winnipeg unit the average wages, this includes people earning \$50 a week or less—the average wages on the 10th May, 1933, were 9·8 per cent less for male employees than they were at the 9th May, 1929; for women the reduction was 9·7 per cent. In the Toronto units the reduction was 19·7 per cent for male and 14·2 per cent for female. In Montreal the reduction was 21·1 per cent for male, and 15·1 per cent for female. In Moncton the reduction was 22·2 per cent for male and 21·2 per cent for female.

By Mr. Heaps:

Q. How were these computed, Mr. Gordon?—A. That statement was filed.

By Mr. Sommerville:

Q. It is a long complete statement filed the other day, has been printed in the record?—A. It summarizes the total reductions in wages.

By Mr. Heaps:

Q. Does this mean that in the Moncton units the male employees are receiving a 22 per cent reduction, or does it mean that they may be working short time?—A. It means that the average wages were 22·2 per cent less at the 1st of May, 1933, than they were at the 9th May, 1929.

By Mr. Kennedy (Peace River):

Q. Why did you put in there, "salaries above \$50 a week"?—A. I tried to divide this to show the reduction in the lower paid classes of employees, and then in a following section to show the total reduction.

By Mr. Sommerville:

Q. Then, the next summary?—A. The next summary was given at the beginning of the evidence last week. It shows the number of employees in each of the last five years, the total number, and the amount of the total pay-rolls including executives.

Q. Yes, and then the last?—A. That is a section dealing with the mail order business. We have already given that.

By Mr. Ilsley:

Q. You do not show any reduction in executives salaries, do you?

Mr. NASH: They are all in.

Mr. ILSLEY: In the evidence?

Mr. NASH: Yes.

The WITNESS: This was just an attempt to summarize what had happened without going into too much detail.

By Mr. Ilsley:

Q. The executives have reduced their salaries pretty substantially, I understand.—A. The reduction in the higher paid employees would be greater than the figures shown for the junior employees.

By Mr. Sommerville:

Q. The next summary is the comparatively higher cost of doing business in Toronto.—A. These percentages showing the cost of doing business in Toronto, Winnipeg and Montreal are merely a summary of what has gone before. The percentage figures are slightly higher than the figures given before because they include certain overhead charges.

Q. Then the last summary?—A. The last summary shows the decline in the business done by the T. Eaton Company's factory at Toronto.

Q. The T. Eaton Company Toronto factory showing a decline in the business in 1927 from \$11,000,000 to 1933 of \$5,500,000, about one half the business?—A. Yes.

Q. And in 1927 what was the profit?—A. In 1927 the factory made a profit of \$304,936, and in 1933 it showed a loss of \$164,153.

Q. That is, the first three figures—1927, 1928 and 1929—are profits, they are black?—A. Yes.

Q. The last four figures—1930, 1931, 1932 and 1933—are in the red, they are losses?—A. Yes.

Witness retired.

Mr. SOMMERVILLE: We will now take up the Hudson's Bay Store.

THOMAS WEIR, sworn.

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CONSOLIDATION OF DEPARTMENTAL BALANCE SHEETS

(31-1 January, 1934)

PRICE SPREADS AND MASS BUYING

3485

	Canadian Committee Office	Fur Trade	Stores	Wholesale	Elimination of Inter-Department Accounts		Consolidated Canadian Balance Sheet 31st January, 1934
					P.r.	C.r.	
	\$	\$	\$	\$	\$	\$	\$
ASSETS							
Fixed Assets—							
Buildings and Lands.....	22,447,000	22,000					22,469,000
Furniture and Fixtures.....	4,125,689						4,125,689
Steamers and Boats.....		102,900					102,900
Delivery Equipment.....			16,787	2,820			19,607
Investments.....	380,000						380,000
Advances to Job Bros. & Company Limited.....	370,000						
Current Assets—							
Merchandise.....		1,038,471	3,475,430	245,163			4,777,064
Unsold Furs.....		191,713					191,713
Livestock.....		21,166					21,166
Supplies and Repayments.....	80,000	58,253	124,346	374			262,973
Debtors, Payments in advance, etc.....	126,507	142,778	1,528,444	162,407			1,959,776
Cash.....	12,125	123,882	136,551	800			273,358
Advances to Fur Trade Department.....		1,937,023					
Inter-Department Accounts— Fur Trade.....	3,037,779					3,037,779	
Stores and Wholesale.....	4,497,732					4,497,732	
	35,076,832	3,658,186	5,281,558	409,204		7,535,511	36,890,269
LIABILITIES							
Canadian Committee Office Account.....		3,037,779	4,229,687	298,045	7,535,511		
Current Liabilities—							
Bank Overdrafts.....	361,000		58,635	41,382			461,017
Accounts and Bills Payable.....		544,707	890,536	87,965			1,523,208
Creditors, Accrued Charges and Provision for Continu- gencies.....	932,291	75,700	162,700	11,812			1,122,503
Reserve for Depreciation—Buildings and Fixtures.....	6,446,510						
London Current Account—							
Balance 31st January, 1934.....	26,933,532						26,933,532
Add Profit for Year.....	464,471						464,471
Loss Deficit—Land Dept. (Capital Section).....	60,972						60,972
	35,076,832	3,658,186	5,281,558	409,204	7,535,511		27,337,031
							36,890,269

HUDSON'S BAY COMPANY

(COMPARATIVE CANADIAN BALANCE SHEETS)

SPECIAL COMMITTEE

	31st January, 1925	31st January, 1926	31st January, 1927	31st January, 1928	31st January, 1929	31st January, 1930	31st January, 1931	31st January, 1932	31st January, 1933	31st January, 1934
Assets										
Fixed Assets—										
Buildings and Lands	9,263,682	10,963,912	19,322,435	19,549,028	20,721,990	22,600,181	23,201,279	23,049,840	22,479,870	22,469,000
Furniture and Fixtures	790,914	882,009	1,011,857	3,325,787	3,292,331	3,227,000	4,106,228	4,128,055	4,126,419	4,125,689
Steamers and Boats	179,098	237,453	275,006	313,775	285,643	246,683	229,300	240,640	170,080	102,900
Delivery Equipment	55,005	111,351	213,951	219,748	209,934	173,467	110,296	59,245	33,863	19,607
Investments		134,000	1,025,103	1,569,603	1,738,353	1,802,100	1,872,100	380,000	380,000	380,000
Total Fixed Assets	10,288,699	12,328,725	21,848,352	24,977,941	26,248,251	28,049,431	29,639,403	27,857,780	27,190,232	27,097,196
Current Assets—										
Merchandise	9,478,384	9,687,927	11,239,937	12,407,477	12,506,860	12,125,297	9,490,639	6,660,523	5,316,923	4,777,064
Un-sold Furs		16,316	51,811	35,334	3,090	24,635	81,730	171,470	785,135	191,713
Livestock		305,000	354,320	300,197	309,978	221,125	174,466	224,511	253,738	21,166
Supplies and Prepayments										262,972
Debtors, Payments in advance, etc.	2,585,768	2,907,290	3,242,717	4,212,578	5,122,718	6,358,557	5,028,985	2,927,516	2,139,226	2,329,776
Cash	357,188	244,910	351,205	419,361	393,637	435,899	640,125	351,450	316,344	273,858
Total Current Assets	12,421,340	13,161,443	15,239,900	17,374,947	18,350,481	19,165,513	15,415,945	10,335,470	8,837,290	7,856,049
Advances to Fur Trade Department	2,153,050	3,301,701	3,500,957	3,553,365	3,300,209	3,624,465	2,401,258	2,274,037	1,583,913	1,937,023
	24,863,089	28,791,869	40,589,299	45,906,253	47,898,941	50,839,409	47,456,606	40,467,287	37,611,435	36,890,268
LIABILITIES										
Current—										
Bank Overdrafts	88,443	912,834	5,197,393	268,980	292,520	158,751	112,259	697,223	268,598	461,016
Accounts and Bills Payable	1,475,997	2,176,318	2,282,792	2,576,333	2,729,853	2,885,838	2,540,211	1,488,579	1,645,025	1,523,208
Creditors, Accrued Charges and Provision for Contingencies	779,416	767,500	862,010	1,115,952	1,128,892	1,004,322	608,626	1,157,607	756,446	1,122,503
Total Current Liabilities	2,343,826	3,856,652	8,342,195	3,961,274	4,141,265	4,048,931	3,261,096	3,343,409	2,670,669	3,106,727
Reserves for Depreciation*	1,872,679	1,760,032	2,037,547	2,744,750	2,996,036	3,568,791	4,236,449	4,874,510	5,499,260	6,446,510
London Current and Capital Account	20,646,584	23,175,185	30,209,557	39,200,229	40,761,640	43,221,687	39,959,061	32,249,368	29,441,506	27,337,031
	24,863,089	28,791,869	40,589,299	45,906,253	47,898,941	50,839,409	47,456,606	40,467,287	37,611,435	36,890,268

*Reserves for Depreciation of Fixed Assets were carried on London Books 1925-1931 inclusive. Above comparative statement adjusted so as to include Reserves.

Statement No. 6

HUDSON'S BAY COMPANY

COMPARATIVE CANADIAN PROFIT AND LOSS SUMMARIES, YEARS ENDED 31ST JANUARY

	1926	1927	1928	1929	1930	1931	1932	1933	1934
Departmental profit or loss before charging depreciation—									
Fur Trade.....	119,735	166,293	2,253,965	631,624	161,510	1,486,116	982,927	253,143	769,007
Stores.....	812,898	411,508	955,436	1,948,319	1,908,810	621,692	185,986	557,211	935,996
Wholesale.....	34,957	18,031	43,504	65,679	102,970	177,446	220,809	1,432	7,712
Liquor.....	13,482	31,400	65,960	133,618	132,279	96,004	33,403	19,495	29,401
Purveying Offices.....	9,267	27,333	64,619	50,314	32,722	4,639	7,941	7,165	172
Atlantic Fisheries.....		56,761	56,229						
Land Revenue.....	615,398	640,084	678,220	716,174	576,344	239,164	200,858	79,703	97,525
Miscellaneous rents.....	19,299	6,315							
Kuteczi Patterns.....				32,591	31,389				
Canadian Committee Office—									
Expenses.....	515,141	435,630	381,737	349,910	436,883	413,808	314,756	298,478	360,797
Sundry gains and losses.....	2,063	4,576	17,700	39,511	61,568	193,811	1,329,637	4,877	16,062
H. B. Reindeer Co. & Radnor Water Company.....		27,000							
Profit or loss before depreciation and income tax charge.....	1,111,958	786,149	3,641,438	3,202,738	2,508,231	1,309,684	2,791,913	94,178	1,462,610
Provision for depreciation.....	391,743	533,504	1,026,152	973,667	982,697	1,222,559	1,095,359	966,240	898,139
Provision for income tax.....	64,000	*5,106	200,000	100,000	83,241	115,075	8,713	5,953	100,000
Net Profit—Revenue departments.....	656,215	247,539	2,415,286	2,129,071	1,442,293	2,647,318	3,895,985	878,015	464,471
Land department (Capital Section)—									
Net income expenses.....	321,212	735,112	983,497	1,042,310	437,635	288,097	365,496	183,584	60,972
Net surplus or deficit for year.....	977,427	982,651	3,398,783	3,171,381	1,879,928	2,935,415	4,261,481	1,061,599	403,499

*There is some doubt as to what this item represents.

HUDSON'S BAY COMPANY—CANADIAN COMMITTEE OFFICE

COMPARATIVE STATEMENT OF GENERAL EXPENSE

	Year ending 31 January, 1926	Year ending 31 January, 1927	Year ending 31 January, 1928	Year ending 31 January, 1929	Year ending 31 January, 1930	Year ending 31 January, 1931	Year ending 31 January, 1932	Year ending 31 January, 1933	Year ending 31 January, 1934
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Advertising and Publicity.....	6,019	1,760	238	1,863	7,323	9,651	2,350	660	660
Audit Fee.....	1,125	956	956	956	956	688	688	298	238
Bank Charges.....	276	494	383	347	382	333	318		
Bad Debts (Special write off).....	73,842								
Beaver Magazine.....	4,214	6,501	6,329	5,387	6,355	6,615	6,162	5,491	9,663
Cables, Telegrams and Telephone.....	3,029	3,233	3,017	2,574	2,653	2,118	2,195	1,533	2,733
Canadian Committee.....	12,783	13,000	11,700	15,013	25,400	*116,211	27,070	25,200	23,400
General Administration Expenses.....									
General Expenses.....	18,904	14,798	32,982	45,247	28,443	11,257	15,998	3,205	26,882
Grants.....	937	922	552	516	345	1,966	420		
Historical Relics.....	2,926	2,025	1,504	2,294	2,306	1,509			
Interest—Banks.....	96,145	144,705	92,722	39,220	155,488	32,892	5,434	7,598	639
Interest O. & S. Deposits.....	17,376	18,503	20,913	24,349	25,871	27,096	26,400	21,001	19,493
Interest—Sundry.....	2,663	8,239	8,564	17,013	16,209	4,413	1,978	2,876	1,287
Insurance.....	199	352	216						
Legal and Professional.....	20,275	23,233	23,519	15,508	7,298	8,543	8,209	5,756	6,318
Pensions.....	96,620	71,880	72,184	74,315	68,475	73,872	80,077	98,232	98,232
Postage and Excise.....	879	1,101	672	542	689	611	346	366	500
Rent.....	7,739	7,449	6,865	6,120	7,468	8,400	8,160	7,800	11,700
Salaries.....	108,163	83,997	75,750	85,579	69,364	69,000	74,154	66,060	112,788
Staff Training.....									27,361
Stationery and Office Supplies.....	1,512	1,459	1,180	1,182	2,628	1,522	1,099	521	807
Subscriptions and Donations.....	7,883	2,975	6,500	3,106	2,350	375	325	1,260	1,360
Travelling Expenses.....	9,236	5,738	9,541	8,778	6,880	8,281	6,104	4,660	13,000
Tax on Overdrafts.....	8,755	14,058	5,450						
Stores Administration Expenses—not charged out to the Stores.....									
Hudson Bay Company Incorporated, New York Provincial Corporation Tax.....	13,641						47,270	50,337	
									3,731
	515,141	435,629	381,737	349,909	436,863	413,808	314,757	298,477	360,797

* Amount charged by London, England, of which Stores were charged and Fur Trade was charged Leaving charged as above.

HUDSON'S BAY COMPANY

STORES DEPARTMENT

ANALYSIS OF SALES 1911 TO 1934

(In Thousands of Dollars)

Year ending January 31st	Grocery and allied Depart- ments	Coal and Lumber	Retail Invent- ory Depart- ments	Other Depart- ments	Total Sales	Cash	Charge	Lien
	\$	\$	\$	\$	\$	\$	\$	\$
1911.....					4,592	2,064	2,528	
1912.....					8,080	4,068	4,012	
1913.....					9,606	5,501	4,105	
1914.....					9,701	5,875	3,826	
1915.....					8,000	5,417	2,583	
1916.....					7,206	5,135	2,071	
1917.....					9,504	6,817	2,687	
1918.....					11,628	8,173	3,455	
1919.....	Not available for 1927 and prior years				12,502	8,507	3,995	
1920.....					14,865	9,927	4,938	
1921.....					15,156	9,889	5,267	
1922.....					13,963	9,389	4,574	
1923.....					14,856	10,324	4,532	
1924.....					14,428	10,053	4,375	
1925.....					14,790	10,098	4,692	
1926.....					17,118	10,996	4,796	1,326
1927.....					21,318	13,810	5,701	1,807
1928.....	5,689	543	22,795		29,027	19,026	7,504	2,497
1929.....	7,559	758	26,511		34,828	22,305	9,375	3,148
1930.....	7,784	913	27,113		35,810	21,613	10,688	3,509
1931.....	7,175	874	21,563	1,148	30,760	18,459	9,540	2,761
1932.....	5,774	756	17,909	1,057	25,496	15,651	7,787	2,058
1933.....	5,183	825	15,523	1,009	22,540	14,143	6,980	1,417
1934.....	4,870	752	15,480	1,012	22,114	14,169	6,890	1,055

HUDSON'S BAY COMPANY

CONSOLIDATION OF STORE OPERATING STATEMENTS FOR YEAR ENDING 31ST JANUARY, 1934

		Winnipeg	Vancouver	Calgary	Edmonton	Victoria
		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
1	Sales (Net)—Cash.....	4,605,267 48	4,001,677 60	1,861,716 80	1,215,785 46	1,004,763 05
2	Credit.....	2,393,048 32	2,047,199 44	785,178 98	649,203 64	885,612 42
3	Total.....	6,998,315 80	6,048,877 04	2,646,895 78	1,864,989 10	1,890,375 47
	Cost of Sales:—					
4	Inventory at beginning.....	1,194,038 70	902,947 96	402,468 55	356,841 47	320,555 56
5	Purchases.....	4,886,191 85	3,975,879 55	1,805,557 62	1,279,152 08	1,314,429 43
6	Provision for Over Age Limit Merchandise.....	20,746 00	26,365 00	4,660 00	3,114 00	4,587 39
7	Provision for future Mark-downs....	4,359 00	7,655 00	4,500 00	3,080 00	2,808 00
8	Duty.....	87,137 08	96,544 95	22,182 90	14,760 56	25,664 35
9	Freight and Cartage.....	112,312 72	93,549 33	45,727 03	41,952 28	25,481 97
10	London Charges and Buying Office.	30,929 23	31,113 85	12,221 74	7,649 32	10,083 64
11		6,294,222 58	5,081,325 64	2,278,997 84	1,694,161 71	1,688,819 56
12	Less: Inventory at end.....	1,192,974 06	861,668 60	390,218 42	344,374 35	332,940 45
13		5,101,248 52	4,219,657 04	1,888,779 42	1,349,787 36	1,355,879 11
14	Cost of Alterations.....	13,785 82	21,005 21	14,653 92	2,596 39	4,761 87
15	Total Cost.....	5,115,034 34	4,240,662 25	1,903,433 34	1,352,383 75	1,360,640 98
16	Gross Profit.....	1,883,281 46	1,808,214 79	743,462 44	512,605 35	529,734 49
17	Operating Expenses.....	2,083,007 73	1,689,675 59	725,945 10	521,208 79	586,014 26
18	Operating Profit or Loss.....	199,726 27	118,539 20	17,517 34	8,603 44	56,279 77
19	Sundry Receipts less Expenditure.....	47,921 13	59,169 51	28,040 47	16,461 42	17,850 36
20	Extraordinary Development Expenses	9,148 39				
21	Net Profits or Losses.....	160,953 53	177,708 51	45,557 81	7,857 98	38,429 41
22	NOTE: Winnipeg Coal Department Profit (see special column)....	25,075 46				
23		135,878 07				
		%	%	%	%	%
24	Gross Profit to Cost of Sales (before adding Buying Office and Cost of Alterations).....	38·02	44·41	41·05	38·95	40·46
25	Gross Profit to Cost of Sales (before adding Buying Office).....	37·65	43·69	39·96	38·69	39·97
26	Gross Profit to Cost of Sales (before adding Cost of Alterations).....	37·19	43·35	40·14	38·17	39·42
27	Gross Profit to Cost of Sales (after adding Buying Office and Cost of Alterations).....	36·82	42·64	39·06	37·90	38·93

STATEMENT No. 15

HUDSON'S BAY COMPANY

CONSOLIDATION OF STORE OPERATING STATEMENTS FOR YEAR ENDING 31ST JANUARY, 1934

Saskatoon	Kamloops	Nelson	Vernon	Yorkton	Total Stores	Winnipeg Coal Department	Total Operating Statement	
\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
716,049 00	127,430 95	126,532 01	121,513 77	110,848 57	13,891,584 69	277,561 00	14,169,145 69	1
405,324 00	149,356 94	111,109 86	97,194 85	60,319 64	7,583,548 09	361,462 00	7,945,010 09	2
1,121,373 00	276,787 89	237,641 87	218,708 62	171,168 21	21,475,132 78	639,023 00	22,114,155 78	3
236,093 00	53,836 33	45,186 45	48,947 96	25,961 32	3,586,877 30	21,767 00	3,608,644 30	4
780,237 00	212,845 51	171,596 21	157,230 55	131,760 19	14,714,879 99	303,183 00	15,018,062 99	5
6,394 00	507 00	1,851 50	813 41	322 00	62,372 48	.....	62,372 48	6
5,616 00	854 00	1,640 00	2,199 64	302 00	12,237 64	.....	12,237 64	7
10,070 00	1,270 37	904 13	793 74	173 72	259,501 80	.....	259,501 80	8
47,302 00	8,030 96	8,326 92	6,505 73	4,311 10	393,500 04	212,188 00	605,688 04	9
4,630 00	1,311 30	1,066 40	967 00	685 08	100,657 56	.....	100,657 56	10
1,077,554 00	278,655 47	230,571 61	217,458 03	163,515 41	19,005,281 85	537,138 00	19,542,419 85	11
251,454 00	69,955 26	58,168 61	55,950 10	40,678 66	3,598,382 51	17,847 00	3,616,229 51	12
826,100 00	208,700 21	172,403 00	161,507 93	122,836 75	15,406,899 34	519,291 00	15,926,190 34	13
2,643 00	.....	624 25	.....	416 80	60,487 26	.....	60,487 26	14
828,743 00	208,700 21	173,027 25	161,507 93	123,253 55	15,467,386 60	519,291 00	15,986,677 60	15
292,630 00	68,087 68	64,614 62	57,200 69	47,914 66	6,007,746 18	119,732 00	6,127,478 18	16
349,998 00	68,625 97	62,177 05	58,099 70	49,725 68	6,194,477 87	95,381 00	6,289,858 87	17
57,368 00	538 29	2,437 57	899 01	1,811 02	186,731 69	24,351 00	162,380 69	18
13,715 00	1,723 96	1,460 62	2,019 69	1,129 53	189,491 49	724 00	190,215 49	19
.....	.....	.....	.....	.....	9,148 39	.....	9,148 39	20
43,653 00	1,185 67	3,898 19	1,120 68	681 49	6,388 59	25,075 00	18,686 41	21
%	%	%	%	%	%	%	%	
36.49	33.46	38.70	36.23	40.13	40.30	23.06	39.74	
36.07	33.46	38.19	36.23	39.65	39.75	23.06	39.21	
35.74	32.63	37.84	35.42	39.34	39.39	23.06	38.85	
35.31	32.63	37.34	35.42	38.87	38.84	23.06	38.33	

STATEMENT No. 16

HUDSON'S BAY COMPANY—STORES DEPARTMENT

COMPARATIVE SUMMARY OF SALES, COST OF SALES AND GROSS PROFIT TO NEAREST \$1,000 FOR YEARS ENDING 31ST JANUARY

	1926	1927	1928	1929	1930	1931	1932	1933	1934
Sales—Net—	\$	\$	\$	\$	\$	\$	\$	\$	\$
Grocery and Allied Departments.....	2,323	3,993	6,178	8,242	7,784	7,176	5,774	5,183	4,870
Coal, Lumber, etc.....					913	874	756	825	753
Retail Inventory Departments.....	14,796	17,325	22,850	26,580	27,113	21,563	17,909	15,523	15,480
Other Departments.....						1,148	1,057	1,009	1,012
Total Sales.....	17,119	21,318	29,028	34,828	35,810	30,761	25,496	22,540	22,115
Cost of Sales—									
Grocery and Allied Departments.....	1,963	3,350	5,230	7,008	6,529	5,928	4,678	4,234	3,943
Coal, Lumber, etc.....					811	739	652	728	667
Retail Inventory Departments.....	10,551	12,439	16,241	18,510	18,803	15,217	12,855	10,861	10,702
Other Departments.....						772	692	677	720
Total Cost of Sales.....	12,514	15,789	21,471	25,518	26,143	22,656	18,877	16,500	16,032
Gross Profit—									
Grocery and Allied Departments.....	360	643	948	1,234	1,255	1,248	1,096	949	927
Percentage of Mark-up.....	18.34%	19.19%	18.13%	17.61%	19.25%	21.05%	23.43%	22.41%	23.51%
Coal, Lumber, etc.....					102	135	104	97	86
Percentage of Mark-up.....					12.58%	18.27%	15.95%	13.32%	12.89%
Retail Inventory Departments.....	4,245	4,886	6,609	8,076	8,310	6,346	5,054	4,662	4,778
Percentage of Mark-up.....	40.23%	39.28%	40.69%	43.63%	44.20%	41.70%	39.32%	42.92%	44.64%
Other Departments.....						376	365	332	292
Percentage of Mark-up.....						48.70%	52.75%	49.04%	40.55%
Total Gross Profit.....	4,605	5,529	7,557	9,310	9,667	8,105	6,619	6,040	6,083
Percentage of Mark-up.....	36.80%	35.02%	35.20%	36.48%	36.98%	35.77%	35.00%	36.61%	37.94%

STATEMENT No. 17

HUDSON'S BAY COMPANY—STORES DEPARTMENT

HUDSON'S BAY COMPANY—STORES DEPARTMENT
COMPARISON OF EXPENSES YEARS ENDING 31ST JANUARY

Sales (Memo only)	1926		1927		1928		1929	
	\$17,119,000		21,318,000		\$29,028,000		\$34,829,000	
	\$	%	\$	%	\$	%	\$	%
1 Payroll.....	2,533,986	14·8	3,228,525	15·1	4,327,541	14·9	4,783,364	13·7
2 Rentals.....	404,363	2·3	567,219	2·7	1,004,475	3·5	1,052,064	3·0
3 Advertising.....	479,983	2·8	595,762	2·8	717,166	2·5	832,754	2·4
4 Taxes.....	162,383	1·	196,302	1·	320,284	1·1	375,917	1·1
5 Interest.....	339,872	2·0	390,810	1·8	519,692	1·8	561,352	1·6
6 Supplies.....	177,394	1·0	260,030	1·2	416,956	1·4	426,299	1·3
7 Service Purchased.....	112,488	·7	156,185	·7	208,427	·7	219,235	·6
8 Travelling.....	21,655	·1	82,616	·4	127,825	·4	138,024	·4
9 Communication.....	58,252	·3	66,062	·3	117,705	·4	118,500	·4
10 Repairs.....	98,516	·6	46,882	·2	62,640	·2	105,689	·3
11 Insurance.....	66,287	·4	72,623	·3	86,255	·3	89,143	·2
12 Professional Services.....	18,274	·1	22,650	·1	22,976	·1	21,833	·1
13 Depreciation of Delivery Equip- ment and Maintenance of Fur- niture and Fixtures.....	164,381	1·0	220,312	1·	488,880	1·7	577,978	1·7
14 Bad Debts.....	42,961	·2	82,664	·4	77,556	·3	77,682	·2
15 Subscriptions and Donations....	18,769	·1	17,628	·1	18,468	·1	15,624	·1
16 General Administration.....	62,852	·4	56,411	·3	86,920	·3	84,720	·2
17 General Expense.....	78,586	·5	157,487	·8	208,919	·7	260,707	·7
18	4,841,002	28·3	6,220,168	29·2	8,812,685	30·4	9,740,885	28·

Statement No. 17

HUDSON'S BAY COMPANY—STORES DEPARTMENT

COMPARISON OF EXPENSES YEARS ENDING 31ST JANUARY

1930		1931		1932		1933		1934		
\$35,810,000		\$30,761,000		\$25,496,000		\$22,540,000		\$22,114,000		
\$	%	\$	%	\$	%	\$	%	\$	%	
4,976,276	13.9	4,660,486	15.1	4,188,872	16.4	3,471,362	15.4	3,203,805	14.5	1
1,068,535	3.0	1,167,673	3.8	1,143,841	4.5	773,602	3.4	450,732	2.0	2
806,294	2.3	739,982	2.4	726,547	2.8	588,838	2.6	612,812	2.8	3
406,757	1.2	451,156	1.5	480,119	1.9	482,671	2.1	440,214	2.0	4
584,035	1.6	564,220	1.8	455,313	1.8	281,626	1.2	209,491	1.0	5
505,462	1.4	448,916	1.5	427,042	1.8	440,568	2.0	424,602	1.9	6
228,139	.6	214,151	.7	199,901	.7	127,448	.6	116,546	.5	7
145,738	.4	108,502	.4	107,320	.4	82,737	.4	85,566	.4	8
126,525	.4	113,469	.4	99,866	.4	88,525	.4	87,415	.4	9
85,589	.2	161,806	.5	122,033	.5	80,073	.4	87,874	.4	10
99,230	.3	102,486	.3	101,512	.4	75,496	.3	75,227	.3	11
21,519	.1	24,861	.1	28,215	.1	29,191	.1	28,545	.1	12
514,703	1.5	553,990	1.9	542,750	2.1	402,779	1.8	258,915	1.2	13
105,483	.3	185,247	.6	131,424	.5	95,589	.4	59,720	.2	14
21,647	.1	18,437	.1	15,127	.1	17,742	.1	12,831	.1	15
123,864	.3	180,000	.6	140,000	.5	.....	.....	.....	.....	16
252,100	.7	190,797	.6	126,808	.5	86,606	.4	90,783	.4	17
10,071,896	28.3	9,886,179	32.3	9,036,690	35.4	7,124,853	31.6	6,245,078	28.2	18

HUDSON'S BAY COMPANY—STORES DEPARTMENT

COMPARATIVE STATEMENT OF SUNDRY GAINS AND **Losses**—YEARS ENDED JANUARY 31ST, 1928-1934

	1928	1929	1930	1931	1932	1933	1934
	\$	\$	\$	\$	\$	\$	\$
Cash discounts—							
Regular.....	256,495	120,752	110,273	88,364	78,048	66,253	64,773
Anticipation.....	18,400	13,775	12,252	18,548	19,167	15,283	15,187
Confidential.....	1,585	4,247	12,938	8,881	26,844	15,057	12,611
*Suppliers' allowances.....	† 5,574		2,636	35,283	40,082		
Discount load—Yorkton.....	1,204						
Contract accounts.....	13,977	6,425	2,434	4,088			
Bad debts recovered.....	19,641	22,337	19,106	18,005	22,032	21,533	31,794
Bad debts reserve adjusted.....	1,277	4,689					
Exchange and discount.....	2,085	2,964	6,505	3,648	11,333	4,648	1,579
Interest on customers' deposit accounts—							
Winnipeg.....	3,411	8,600	9,498	9,012			
Excess rent—window display.....	24,357						
Interest earned on lien accounts.....	25,834	60,309	82,273	99,596	86,800	58,961	34,191
Reduction of interest reserve on lien accounts.....		8,037	16,556				
Post office.....	1,578	2,000	3,473	2,823	2,961	2,433	1,307
Concessions.....	3,795	1,656	2,424	2,593	2,602	3,115	3,964
Engineering—Vermilion Farms (Land Settlement Scheme).....		11,427					
Special discounts allowed.....	472	60	2,661	9,154	6,789	2,716	2,080
Merchandise stock contingencies (Reserve transferred from Canadian Committee office).....		68,788					
Buying office distribution†.....	4,609	2,780	27,022	9,687	47	25,942	23,082
Alterations and repairs—extraordinary.....	28,084	3,619	23,942				
Sundry gains and losses (net).....	4,928	1,735	7,248	9,557	1,679	8,684	6,966
B.C. income tax.....			19,238				
Winnipeg store development expense.....							\$ 9,148
Special merchandise reserve—Saskatoon.....				25,000			
Lethbridge closing down expense.....				40,000			
Total.....	346,645	310,244	222,295	191,497	258,782	209,897	181,068

NOTE.—

*Suppliers' allowances (payroll and advertising) were credited to operating expense in 1933.

†Calgary 1928—\$5,574—sundry credits from accounts payable—may be adjustments.

‡Buying office distribution represents difference between the amounts assumed by stores in respect to the buying offices (in cost-landing invoices), and the amount actually charged to them by Head Office.

§Represents an expense incurred in running a bus to carry customers over a newly opened route to the new store in an endeavour to create a demand for a transportation system over that route. Also carried Hudson's Bay House employees to the store at stated times to permit them to make purchases.

HUDSON'S BAY COMPANY

CHARGES MADE BY CANADIAN COMMITTEE OFFICE TO STORES, YEARS ENDING 31ST JANUARY

	1926			1927			1928		
	Interest on Capital	Rent Buildings	Rent, Furniture and Fixtures	Interest on Capital	Rent Buildings	Rent, Furniture and Fixtures	Interest on Capital	Rent Buildings	Rent, Furniture and Fixtures
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Calgary.....	49,092	117,161	17,617	47,267	108,026	19,900	52,051	108,530	27,711
Edmonton.....	40,111	30,745	6,800	42,166	48,311	7,151	46,309	52,542	15,968
Kamloops.....	6,310	3,780	581	6,878	3,780	584	7,497	3,780	850
Nelson.....	6,164	3,780	566	5,724	3,780	596	5,308	3,780	820
Saskatoon.....	26,268	22,050	3,135	24,203	22,050	3,716	26,968	22,050	6,539
Vancouver.....	25,952	130,590	17,045	113,358	219,971	32,562	136,096	352,800	127,427
Vernon.....	7,223	5,040	841	6,745	5,040	841	5,792	5,040	1,311
Victoria.....	39,944	62,685	12,993	40,967	62,685	13,701	40,357	62,685	19,750
Winnipeg.....	55,171	24,854	8,606	90,147	71,923	27,442	186,697	355,005	167,402
Lethbridge.....	9,487	3,150	742	9,811	3,150	870	8,512	3,150	1,338
Yorkton.....	4,016	5,040	576	4,144	5,040	576	4,185	5,040	816
	339,738	408,875	69,502	391,410	553,756	107,939	519,772	974,402	369,932
	1929			1930			1931		
	Interest on Capital	Rent Buildings	Rent, Furniture and Fixtures	Interest on Capital	Rent Buildings	Rent, Furniture and Fixtures	Interest on Capital	Rent Buildings	Rent, Furniture and Fixtures
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Calgary.....	62,206	111,392	30,999	76,659	117,726	30,953	86,584	212,118	75,594
Edmonton.....	45,834	61,068	21,957	46,096	57,918	24,044	46,774	52,983	24,195
Kamloops.....	6,318	3,780	899	5,033	3,780	889	5,807	3,780	1,026
Nelson.....	5,178	3,780	835	4,945	3,780	573	5,064	3,780	833
Saskatoon.....	31,360	22,050	8,072	39,646	22,050	10,126	37,610	22,050	9,553
Vancouver.....	139,762	354,690	144,799	139,803	349,650	142,773	145,646	349,650	138,587
Vernon.....	5,875	5,040	1,385	6,283	5,040	1,018	6,202	5,040	1,680
Victoria.....	39,750	62,685	21,433	43,409	62,685	21,061	44,796	68,985	28,838
Winnipeg.....	215,389	412,965	226,589	216,051	415,500	222,081	178,285	417,501	214,676
Lethbridge.....	8,079	3,150	2,143	5,980	3,150	2,080	5,790	6,117	2,240
Yorkton.....	4,104	5,040	882	3,903	5,040	1,349	3,395	5,040	930
	563,855	1,045,640	459,993	587,808	1,046,319	456,947	565,953	1,147,044	498,152
	1932			1933			1934		
	Interest on Capital	Rent Buildings	Rent, Furniture and Fixtures	Interest on Capital	Rent Buildings	Rent, Furniture and Fixtures	Interest on Capital	Rent Buildings	Rent, Furniture and Fixtures
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Calgary.....	73,648	203,400	91,378	38,011	108,000	72,000	24,500	36,000	24,000
Edmonton.....	41,752	43,983	23,100	30,862	35,000	21,000	20,016	33,000	21,000
Kamloops.....	5,449	3,780	924	3,543	3,000	720	3,762	3,000	720
Nelson.....	4,389	5,040	784	2,876	4,800	720	3,346	4,800	720
Saskatoon.....	30,460	22,050	8,988	18,591	22,000	6,000	15,314	21,600	6,000
Vancouver.....	115,132	350,280	130,774	67,574	240,000	108,000	47,613	144,000	84,000
Vernon.....	5,823	5,040	1,596	3,702	4,800	840	2,954	4,800	840
Victoria.....	38,204	69,300	28,014	25,794	63,000	21,000	20,820	57,000	21,000
Winnipeg.....	138,145	418,446	204,974	88,988	290,000	144,000	69,044	156,000	84,000
Lethbridge.....									
Yorkton.....	2,466	5,040	938	1,669	4,800	720	1,940	4,800	720
	455,468	1,126,359	491,470	281,610	775,400	375,000	209,309	465,000	243,000

By Mr. Sommerville:

Q. Mr. Weir, you are a member of the firm of Clarkson, Gordon, Dilworth, Guilfoyle and Nash?—A. Yes, sir.

Q. And you had charge of the enquiry into the Hudson's Bay Company?—A. Yes, sir.

Q. And you have prepared and now file with the committee statements in pursuance of that enquiry?—A. Yes, sir.

Q. Will you give your statements to the clerk so that they can be filed as an exhibit.

Exhibit No. 223—Statements—Hudson's Bay Company.

By Mr. Sommerville:

Q. You will file one other set later?—A. Yes, sir.

Q. Now then, will you be good enough to present the narrative?—A. It may help the committee to follow me more readily if I explain briefly the steps that the evidence will follow. First, there is the organization of the company as a whole; second, the activities of the company in Canada; third, the activities of the Winnipeg store dealing with the operating results, price spreads, and wages.

Q. Yes, all right.—A. *Organization.* The Hudson's Bay Company was incorporated in England on 2nd May, 1670, primarily for the purpose of trading in furs in the Hudson's Bay District, but from this beginning the activities of the company have broadened out, until at the present time, there are the following distinct departments:—

Head Office in London, England;
Canadian Committee and Administrative Offices;
Fur Trading Department;
Departmental Stores department;
Wholesale department;
Land Department;

besides which the company has subsidiary companies or interests in subsidiary companies in the fishing trade, in the development of oil and gas, in fox farms, in other fur trading companies, and have also had joint interests with other companies in land settlement projects.

During 1931 the methods of administration of the company's affairs in Canada underwent a change and a Canadian Administrative Committee was appointed with head office in Winnipeg and charged with the control of the company's operations in the Dominion, besides which a general manager was appointed as the company's chief executive officer in Canada. Control of company policy and finance, however, still rests with the Governor and the Committee in London, England.

Prior to this change there was an Advisory Committee in Canada but they had no executive powers, nor was there any Canadian general manager or other chief executive in Canada, the chief executive of each of the four principal departments communicating direct with the Governor and Committee in London.

The organization, as it exists at present, may readily be visualized by examination of the organization chart attached hereto—Schedule No. 1.

Q. The result of that reorganization was to place the control of the business in the hands of a management committee?—A. Yes.

Q. And that coordinated all the efforts of the company in the stores, the management of the stores in Canada under one head a general manager?—A. The management of the stores now rests under one head in Canada.

Q. Then you are filing a map?—A. That is a map showing the various points at which the company does business throughout Canada including all fur trading posts, stores, land offices, etc.

EXHIBIT No. 224—Map.

By Mr. Sommerville:

Q. Will you please continue, Mr. Weir?—A. Dealing with the activities of the various departments:

While this investigation has dealt more particularly with the departmental stores portion of the business, it will be of interest to know generally the scope of the activities of the other departments.

The Fur Trade Department operates fur posts throughout Canada (approximately 225 at the present time) and fur purchasing agencies securing raw furs by barter and by cash purchases, which furs are shipped to London and sold by public auction. In connection with this department of the business the company owns one ocean-going steamer and a considerable number of coastal and river vessels. A supply ship is sent into the north once a year carrying supplies for trading posts and for use in barter for furs.

The Land Department administers and sells the company's land, most of which came to it under the terms of the Deed of Surrender when the company surrendered certain of its rights to the Crown but retained land at its trading posts as well as some 7,000,000 acres of land in the provinces of Manitoba, Saskatchewan, and Alberta. Of this land nearly two million acres were as yet unsold at 31st January, 1934.

The Wholesale Department's activities have been substantially curtailed and this department is now maintained almost entirely for the supply of the company's branded lines of tea, coffee and liquors.

The Stores Department at present operates ten departmental stores and is dealt with more fully later as being the principal subject of this investigation.

The following tabulation showing the average number of employees in Canada, including temporary help, gives some idea of the relative importance of the various departments from the point of view of employment:—

Department	1929	1930	1931	1932	1933	1934
Stores.....	4,506	4,397	3,999	3,802	3,340	3,066
Wholesale.....	61	63	63	41	30	30
Fur Trade.....	860	1,068	984	755	623	667
Land.....	54	54	52	56	57	59
Canadian Committee Office.....	33	33	34	34	34	34
Total.....	5,514	5,615	5,132	4,688	4,084	3,856

The CHAIRMAN: That table merely indicates the Store Department shows a preponderance of employees.

The WITNESS: While these departments are all under the direct control of the Canadian Committee and the Canadian general manager at Winnipeg, when the change of administration previously referred to took place in 1931, the general plan adopted was one of decentralization, and this plan was carried out to the extent of giving the responsibility of each department to the executive head of that department, so that, at the present time, each department of the company is operating practically as an independent unit.

By Mr. Sommerville:

Q. That is in distinction to other department stores?—A. Each division of the business has its own executive head.

Q. As a matter of fact, each store has its own store manager who acts independently of the other?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. It is now on a similar basis to that of the Eaton Company?

Mr. NASH: It is more decentralized.

The WITNESS: It is quite thoroughly decentralized. I do not know how it compares with Eatons.

Mr. KENNEDY (*Winnipeg*): We had the evidence in connection with Eatons that each department manager was held responsible for the results of his department.

Mr. SOMMERVILLE: What Mr. Weir is now referring to is the Stores division.

The WITNESS: The various divisions of the company.

By Mr. Young:

Q. You do not mean by the department in each store?—A. No. I will come to the individual departments later.

Although it is understood that this was not the case prior to 1931, each department of the company is now responsible for its own buying, and for example, when the Fur Trade Departments are buying supplies for their supply ship they do not act in co-operation with the Stores Department although they may receive some advice and assistance from a Buying Office which is maintained at Montreal. Further reference will be made to this Buying Office later.

Capital Stock

The Head Office of the company being in London, England, reference could not be made to the Capital Stock records but the following has been summarized from the statistical report of a Corporation Report Service. The company has no funded debt. In 1863 the capital stock was £2,000,000 in £20 ordinary shares, which was reduced by repayments over a period from 1870 to 1904 to £1,000,000 in £10 shares. In 1912 the £10 shares were divided into shares of £1 each and an issue of £1,000,000 of Preference Stock in shares of £5 each was made to Common Stockholders on the basis of two shares for each £10 shares held. In 1913 a further £1,000,000 of Preference Stock was issued to shareholders at par on the basis of one £5 Preference share for each five £1 Common shares held. In January, 1926, the shareholders were offered £500,000 of ordinary stock at 70 shillings a share on the basis of one new share for each two held and in January, 1927, an additional £500,000 of ordinary stock was offered at 90 shillings per share on the basis on one share for each three shares held. Shareholders of Record on 10th June, 1929, were offered the right to subscribe to an additional issue of not more than 500,000 ordinary shares at £4 per share on the basis of one new share for each four shares held.

By Mr. Kennedy (Winnipeg):

Q. Let me clear up that point. You said that in 1912 there was an issue of £1,000,000 of preference stock to the common stockholders. Was that a dividend?—A. No, it was an issue sold for cash.

Q. Sold for cash?—A. Yes.

By the Chairman:

Q. All of these instances were sold for cash?—A. All of these were sold for cash.

Te capitalization as at January 31, 1934, was—

	Authorized	Subscribed	Fully Paid
5 per cent Preference—Cumulative, par value £5.....	£2,000,000	£2,000,000	£2,000,000
Ordinary Stock—Par value £1.....	£3,000,000	£2,492,224	£2,492,224

Dividends of 5 per cent per annum on the Preference Stock were paid regularly up to and including July 2, 1930, and none have been paid since this

date. The last dividend paid on the ordinary shares was also in 1930, but prior to that, with the exception of the year 1915, dividends had been paid regularly for many years past and at fairly substantial percentages. The following is a tabulation of Ordinary dividends paid, but in considering these dividends it should be borne in mind that, besides the Department Stores, the Fur Trading Department, Land Department, Wholesale Department and other activities carried on direct from London no doubt contributed to the profits from which they were paid, and it should also be borne in mind that the ordinary shares which were sold in 1926, 1927 and 1929 were sold at substantial premiums. In 1926 £500,000 of ordinary shares were sold for £1,750,000; in 1927 £500,000 were sold for £2,250,000 and in 1929 nearly £500,000 of £1 shares were sold at £4 each.

Q. Then the total capital outstanding of the Hudson Bay Company is £2,000,000 of preferred cumulative and £2,492,000 of ordinary stock?—A. Yes.

Q. That is the total?—A. Yes. That does not represent the amount that has been paid into the business.

By Mr. Heaps:

Q. Have you any idea of the present market value of those shares?—A. I think I can give you that.

Mr. NASH: In 1933, the quotations on the preference shares were from 73s. 9d. to 63s. 9d. That is the high and low for the year.

Mr. HEAPS: What about the ordinary shares?

Mr. NASH: The high was 31/32 of a pound to 13/16 of a pound. That is how they were quoted on the London market.

By Mr. Sommerville:

Q. The ordinary dividends paid are set out in the schedule which you have filed?—A. Yes, they are included in the memorandum, the printed memorandum.

ORDINARY DIVIDENDS PAID

Year	On Account Trade %	On Account Land %	Bonus %	Total Paid %
1910.....	16	24	—	40
1911.....	15	25	—	40
1912.....	20	20	—	40
1913.....	20	20	10	50
1914.....	—	40	—	40
1915.....	—	—	—	—
1916.....	15	5	—	20
1917.....	15	15	—	30
1918.....	15	5	20	40
1919.....	15	10	20	45
1920.....	15	15	10	40
1921.....	15	15	10	40
1922.....	20	10	15	45
1923.....	15	2	2.5	19.5
1924.....	15	—	5	20
1925.....	15	—	5	20
1926.....	15	3.5	5	23.5
1927.....	10	10	—	20
1928.....	15	10	—	25
1929.....	15	10	—	25
1930.....	10	7.5	—	17.5

1931-1934 inclusive—No dividends.

Q. And they show that on account of trade they ran from 16 per cent?—
A. They varied from 16 up to 20 and down to 10.

Q. From 16 per cent in 1910 down to 10 per cent in 1930?—A. Yes.

Q. And from 1931 to 1934 inclusive, no dividends have been paid on either kind?—A. None on either common or preferred.

Q. None on common or preferred, neither on account of trade nor on account of land?—A. No.

Q. The schedule indicates that the ordinary dividend on account of land varied from what figure?—A. 24 per cent in 1910; 25 per cent in 1911; 40 per cent in 1914; 15 per cent in 1920; 10 per cent in 1927, 1928 and 1929 and $7\frac{1}{2}$ per cent in 1930.

Mr. NASH: 2 per cent in one year and no per cent in three years.

By Mr Sommerville:

Q. Then indicated in this statement as well are the bonuses that have been granted from time to time?—A. From time to time there were bonuses of 10 per cent; 20 per cent for two years; 10 per cent for two more years; 15 per cent; and then in 1926 the last bonus that was paid was 5 per cent.

Q. The total paid in ordinary dividends have ranged from 40 per cent in 1910?—A. 50 per cent in 1913, 45 per cent in 1919, 45 per cent in 1922, 20 per cent in 1924, $23\frac{1}{2}$ per cent in 1926, 25 per cent in 1929 and $17\frac{1}{2}$ per cent in 1930, the last year.

By the Chairman:

Q. That is, up until 1930 very handsome dividends were paid?—A. Yes. Except in the last few years, these dividends have not been indicative of the return to the shareholders because of having paid a premium for the stock. These are calculated on the par value.

Q. Might I just ask at this point whether in your further report you disclose—I presume you do—the premium?—A. Yes.

Q. That will be dealt with?—A. Yes, that is dealt with later.

By Mr. Kennedy (Peace River):

Q. I suppose the reason the shareholders paid these big premiums was because of the 40 per cent dividend in former years?—A. I presume that would be the reason.

By the Chairman:

Q. All right, will you continue?—A. In dealing with the growth of the business, some idea of the growth of the business may be obtained from the following tabulation of the total assets (not verified)—

1901..	£ 1,606,115	1929..	£ 11,361,545
1910..	1,793,777	1930..	12,555,132
1915..	7,997,411	1931..	10,778,954
1920..	6,201,335	1932..	10,145,033
1925..	5,969,658	1933..	10,234,320
1926..	7,576,898	1934..	10,470,902
1927..	11,117,796		

These figures do not include unsold land vested in the Company nor the principal and interest outstanding in respect of land sold by the Land Department.

By Mr Sommerville:

Q. I observe a big increase from 1925 to 1927?—A. Yes.

Q. From \$5,900,000 to \$11,117,000?—A. Yes.

Q. What accounts for that increase, particularly?—A. It would be largely accounted for by building the store in Winnipeg.

Q. Yes, will you continue?—A. Schedule No. 2, which is the balance sheet of the company, was not printed, but Schedule No. 3 gives the same information in the last column. Schedule No. 3 was printed. Schedule No. 3 shows in the last column the total balance sheet of the company's activities in Canada; and it also shows how they are divided between the various divisions of the company, except for one thing I should point out, that the fixed assets, that is buildings and land, and the furniture and fixtures are all carried under the heading Canadian Committee Office. They are carried on the head office books, but they really represent the stores' buildings.

Q. They are carried at the expense of the head office, except to the extent which head office may charge them with certain moneys?—A. Head Office carries them on the books and charges rentals to the stores which I will refer to later.

Most of the items on the Balance Sheet are self-explanatory but reference might be made to a few as follows:—

CREDITORS, ACCRUED CHARGES AND PROVISIONS FOR CONTINGENCIES

\$1,122,503.42

Includes—

Officers' and Servants' Deposit Accounts.....	\$ 422,395 00
Reserve for Contingencies.....	100,000 00
Provision for Income Tax.....	100,000 00
Provision for Land—Dept. Taxes.....	121,000 00
Provision for Accrued Expenses at Canadian Committee Office.....	110,000 00

BUILDINGS AND FIXTURES DEPRECIATION ACCOUNT \$6,446,510

This is an accumulated reserve carried on the Canadian Committee accounts against the buildings and fixtures used by the other Departments.

Q. These buildings and fixtures are shown in this balance sheet for the Canadian Committee Office at—buildings and land, \$22,447,000?—A. Yes.

Q. And furniture and fixtures, \$4,125,000?—A. Yes.

Q. A total of \$26,572,000?—A. Yes.

Q. And on that there is a reserve for depreciation of \$6,446,000?—A. There is also a small amount for fur trade of \$22,000. The net reserve stands against the whole.

Q. Do you indicate later just how these fixed assets have grown?—A. Yes.

CONTINGENT LIABILITIES \$96,900

Represents the uncalled portion of 1,020 shares of Revillon Freres Trading Company Limited.

INVESTMENT \$380,000

This is represented by the following:—

Revillon Freres Trading Company Limited—			
9,180 shares at \$100 each, fully paid.....	\$	918,000	
1,020 shares at \$100 each, 5% paid.....		5,100	
	\$	923,100	
Less: Amount written off.....		623,100	
			\$ 300,000
McLure and MacKinnon Silver Fox Farm Limited—			
1,020 shares at \$100 each, fully paid.....	\$	102,000	
Less: amount written off.....		52,000	
			50,000
Hudson's Bay Inc.—			
500 shares at \$100, fully paid.....	\$	50,000	
Less: amount written off.....		20,000	
			30,000
Hudson's Bay Oil and Gas Company Limited—			
125,000 shares of No Par Value—at cost.....	\$	100,000	
Less: amount written off.....		100,000	
	\$		380,000

ADVANCES TO JOB BROTHERS & Co LIMITED \$370,000

Job Brothers & Co. Limited are a fishing Company operating in the Maritimes. Their operations are controlled from London, England, but this advance was made through the Canadian Committee Office at the request of London, England, at the time when exchange rates were in favour of Canadian funds and has since been taken up by London.

ADVANCES TO FUR TRADE DEPARTMENT \$1,937,022.88

The Fur Trade Department closes its year on 31st May, whereas the Company's fiscal year ends on 31st January. The above amount represents cash advances and supplies charged to the Fur Trade Department between 31st May, 1933, and 31st January, 1934, less such sums as had already been realized from the sale of furs auctioned in that period.

COMPARATIVE CANADIAN BALANCE SHEET (SCHEDULE 4)

A scrutiny of this statement indicates that the peak of the Company's investment in Canada was in the year ending 31st January, 1930. At 31st January, 1925, the investment was \$20,600,000; at 31st January, 1930, this had increased to \$43,221,000 and at 31st January, 1934, it had decreased again to \$27,337,000. A further scrutiny of this statement, however, indicates that while there have been fluctuations in the intervening years, the net current assets of the Company in Canada at 31st January, 1934, were \$4,749,000 as compared with \$10,077,000 at 31st January, 1925, whereas the fixed assets at 31st January, 1934, were \$27,100,000 as compared with \$10,300,000 at 31st January, 1925. The increase in the fixed assets may be very largely attributed to new Department Store buildings, particularly in Winnipeg, Calgary and Vancouver.

By Mr. Kennedy (Winnipeg):

Q. How do you arrive at that decrease from \$43,000,000 to \$27,000,000 between the years 1930 and 1934?—A. That is largely a decrease in the current assets carried in the stores, the inventories and the investment shown in the stores department.

Q. It is a reduction in stock?—A. Largely a reduction in stock.

By Mr. Heaps:

Q. Would it represent any mark-down in assets?—A. They may have written off—I believe they did write off some buildings, but not to any great extent.

Q. For instance, Winnipeg?—A. Winnipeg Main street, I think they demolished the building there. They wrote that down at that time.

By Mr. Sommerville:

Q. Take your fixed assets. The total fixed assets on 31st January, 1925, were what amount?—A. \$10,300,000.

Q. And they grew to what amount?—A. At 31st January, 1934, they were \$27,100,000, an increase of \$17,000,000 roughly.

Q. That increase took place largely when?—A. In the year ending 31st January, 1927.

Q. In 1925 it was \$10,000,000; in 1926 what was it?—A. \$12,000,000; in 1927, \$21,000,000.

Q. Then 1929?—A. In 1929 it had grown to \$26,000,000.

Q. And 1930?—A. 1930, \$28,000,000; 1931, \$29,600,000; 1932, \$27,800,000; 1933, \$27,190,000 and 1934, \$27,097,000.

By Mr. Sommerville:

Q. Now then, let us take the current assets?—A. The 31st January, 1925, the net current assets were \$10,077,000.

Q. Where do you get that figure?—A. Current assets less current liabilities; current assets of \$12,400,000 less current liabilities of \$2,300,000.

Q. What change has taken place in the current assets?—A. In 1934 the net current assets were reduced to \$4,749,000, \$7,800,000 less \$3,100,000.

The CHAIRMAN: Give them for 1930?

The WITNESS: 1930, the total current assets were \$19,100,000 less current liabilities of \$4,000,000, making approximately \$15,100,000.

By Mr. Sommerville:

Q. How do you account for the fluctuations that took place there?—A. In the current assets?

Q. Yes.—A. First of all, increasing inventory due to the opening of the new store in Winnipeg, and the extension of the Calgary and Vancouver stores later.

Mr. NASH: You will notice in 1929 the peak merchandise was about \$12,500,000, and in 1934, it is \$4,700,000, almost \$8,000,000 there, and there is the same difference in the deficit, \$5,100,000 against \$2,300,000, \$11,000,000 between merchandise and receivables.

By Mr. Sommerville:

Q. You say the fixed assets are largely attributed to the new department stores in Winnipeg, Calgary and Vancouver?—A. Yes.

Q. Can you tell us when these buildings were erected and opened?—A. Winnipeg was opened in November, 1926; Calgary in 1929—I will find out here in a moment. An addition was built to the Calgary store in 1929, and a new section was built to the Vancouver store in 1926; another new section had been built in 1925.

Mr. HEAPS: I think it is only fair to state in regard to the Winnipeg situation, that the Hudson Bay Company were in a very old building, and they merely moved from the old site, which had practically no value, from a commercial standpoint, to a different section of the city.

The CHAIRMAN: And erected a palatial building.

Mr. HEAPS: They built according to the times.

The CHAIRMAN: According to the spirit of the times.

Mr. HEAPS: According to the spirit of the times.

Mr. KENNEDY (*Winnipeg*): And of the time yet to come; it is just around the corner.

Mr. NASH: I hope so.

Mr. HEAPS: They were many years negotiating before they built.

The CHAIRMAN: It is a beautiful building.

The WITNESS: Dealing with the profit and loss in Canada of the company as a whole, schedule No. 6 shows in comparative form, 1926 to 1934 inclusive, the results of the company's operation in Canada. This statement shows first the operating results of the various departments before charging depreciation or income tax provision, and also before charging any portion of the Canadian Committee Office expenses. From this schedule it may be noted that the Stores Department showed a profit each year up to and including 31st January, 1931, before charging depreciation.

By Mr. Sommerville:

Q. Profit before depreciation?—A. In 1926.

Q. Yes. What were those profits?—A. In 1926 they showed \$813,000 in round figures; in 1929, \$1,948,000; in 1930, \$1,108,000; in 1932, it showed a loss of \$186,000; in 1934, it showed a profit of \$936,000; that is before charging depreciation or income tax. The depreciation is not allocated on the books of the company to the various divisions; but I made a rough calculation of what the allocation would be, and after charging depreciation, 1926 showed a profit of \$530,000 approximately. That is not shown on the schedule, by the way. 1927 showed a loss of nearly \$10,000; 1928, a profit of approximately \$40,000; 1929, approximately \$1,080,000; 1930, \$1,030,000; 1931, a loss of \$490,000; 1932, a loss of \$797,000; 1933, a loss of \$297,000; 1934, a profit of approximately \$150,000.

By Mr. Kennedy (Winnipeg):

Q. So that the year ending January 31, 1934, is the first year they have shown a profit since 1930 on their store operations?—A. The first of the last four years.

The CHAIRMAN: Of course, the significant point in this statement is that with the exception of one year, the store shows a profit throughout.

The WITNESS: Before charging depreciation, yes; depreciation is quite a large factor.

The CHAIRMAN: The other departments show losses very much more marked than the store?

The WITNESS: Yes.

By Mr. Sommerville:

Q. In connection with the operations of the store, I observe on the comparative profit and loss account, an item, Canadian Committee office expenses?—A. Yes.

Q. Running from \$516,000 in 1926, to \$360,797 in 1934?—A. Yes.

Q. Is it not a fact that a very substantial portion of them are expenses connected with the operations of the stores?—A. Quite a large portion, but at the present time the Canadian Committee office does not charge the stores with anything direct; that is, they do not charge up to the store any portion of that.

Q. Any portion of the expenses?—A. They did up until two years ago; since then they have not charged them direct.

Q. In the last two years the Canadian Committee have relieved the stores of any contribution towards expenses?—A. Yes.

Q. That are thus listed?—A. Yes.

Q. And to that extent, has added them towards making a profit?—A. Showing a profit, yes.

Q. If any portion of them were added to the statement of their operations, it would show a decided difference?—A. It would decrease the profit or increase the loss, as the case may be.

By Mr. Kennedy (Winnipeg):

Q. To what is that expense charged—head office?—A. It is shown here as Canadian Committee office expenses.

By Mr. Sommerville:

Q. In that connection is it not a fact they reduced very substantially the amounts charged to the stores by way of rentals?—A. Yes; that is referred to later, and shown on a statement, on one of the profits statements.

Q. In other words, the whole cost of carrying the stores with their depreciation, is not borne by the stores themselves, but borne by the Canadian Committee offices?—A. The Canadian Committee offices bear the charges; but they do charge out to these stores, a certain amount. The amount charged out to the stores has been decreased very substantially in the last three years.

Q. The point I am making— —A. The amount charged out is not, however, sufficient to carry these stores as such. Roughly, I should say the amount charged out in 1934, would just about equal the amount of the actual depreciation.

Q. It would just about equal the amount of the actual depreciation?—A. Yes.

Q. Without any charge or rent?—A. Without any charge or rent. It is not known just how much of the depreciation should be charged against the stores, but there is no doubt that much the largest part should be because of their large investment in store buildings, furniture and fixtures. It would seem probable that after charging depreciation, the Stores' department would show a loss in 1927 and 1928, but that profits would be shown in 1926, 1929 and 1930; from 1931 to 1933 inclusive, however, substantial losses would be shown, and for the year ending 31st January, 1934, the department showed a comparatively small profit. The profits of the Stores' department have not shown any degree of uniformity as indicated by the following percentages, calculated on the profits before charging depreciation, and before charging any portion of the Canadian Committee office expenses.

Year ending 31st January	Percentage of profit to average Capital Employed	Percentage of profit to Sales
1926	6.3%	4.7%
1927	2.5	2.0
1928	3.6	3.3
1929	6.6	5.5
1930	6.4	5.3
1931	2.0	2.1
1932	0.6	0.7
1933	2.0	2.5
1934	3.5	4.2

Of the other Revenue Departments of the Company the Fur Trade is probably the next important and the revenue from this Department shows very violent fluctuations, ranging from a profit of \$2,253,000 in 1928 to a loss of \$1,486,000 in 1931. The revenue section of the Land Department shows a consistent increase of income from 1926 \$615,000 to 1929 \$716,000, after which the income dropped steadily until in the year ending 31st January, 1933, it only amounted to \$79,700 and in the year ending 31st January, 1934, it amounted to \$97,000. The income of the revenue section of the Land Department is derived largely from rental of farm properties and interest on agreements of sale which probably accounts for the steady downward trend in the last five years.

By Mr. Kennedy (Winnipeg):

Q. In the item of income from land department, do these figures take into consideration the outstanding arrears on rental?—A. No, the outstanding arrears are not taken into account.

Q. They are treated as though they were written off?—A. The outstanding arrears are taken into account, but as a matter of fact, quite substantial amounts have been written off. The sundry gains and losses of the Canadian Committee

office are shown on schedule 8, which has not been printed, and are comparatively unimportant, except in the years ending January 31, 1931, and January 31, 1932. In the former year, a loan of \$200,000 was written off, and in the latter year, there was written off investments and advances to subsidiaries, \$928,469, reserved for losses on subsidiaries, \$259,600, and provision for contingencies, \$182,000. Special reference might also be made to a charge at 31st January, 1934, of \$44,485—expense re cross town highway.

By Mr. Sommerville:

Q. Is that in connection with the free bus service?—A. A free bus service was operated on that highway, and I will come to it later.

Mr. KENNEDY (*Winnipeg*): Is there any connection between the free bus service and this item?

The WITNESS: No, except the free bus was operated on this highway. That is all. Schedule No. 9 shows the Canadian Committee office expenses in comparative form for the years ending 31st January, 1926, to 1934 inclusive.

Mr. KENNEDY (*Peace River*): While you are going over this list, I should like to know if you have dealt with all the others, and why you are striking out this paragraph dealing with salaries?

The WITNESS: In 1926, the salaries were \$108,000, and in 1934, they were \$112,000.

The CHAIRMAN: In 1931 they were \$69,000.

The WITNESS: \$69,000 in 1931.

Mr. KENNEDY (*Peace River*): How many are included in that item; are these the executives?

The WITNESS: That would include about eight executives in the head office, plus a lot of clerical help. I have seen the executive salaries, and they are quite modest.

The CHAIRMAN: They are reasonable in this item.

By Mr. Sommerville:

Q. That has to do with all activities of the company?—A. All department heads.

Mr. KENNEDY (*Peace River*): Eight executive officers got \$100,000.

The WITNESS: Eight executive officers plus quite a number of clerical help in the head office.

Mr. KENNEDY (*Peace River*): And then there are the bonuses. What is this struck out here for? Why cannot you put that on just as it is?

The CHAIRMAN: What is that?

Mr. KENNEDY (*Peace River*): This paragraph that is set out here, "From a list of head office executive salary rates," etc.

The CHAIRMAN: Mr. Nash, would you just see that that paragraph is put into the same position as the other big concerns were put in—so many executives receiving a salary of so much.

Mr. HEAPS: How about the bonuses?

The CHAIRMAN: And the bonuses; whatever it is.

Mr. KENNEDY (*Peace River*): I do not know why we should not know about these executives that are getting big salaries.

The CHAIRMAN: None in the world. We will get that in the same form as we got that information concerning the others.

Mr. KENNEDY (*Peace River*): I think we might insist on some of these coming through in greater detail, especially when they are running up to about the \$100,000 mark.

Mr. NASH: Perhaps I might read this: "From a list of head office executive salary rates in effect for 1934 and excluding the remuneration of the Canadian Committee which totals \$22,860—"

Mr. KENNEDY (*Winnipeg*): A committee of how many?

Mr. NASH: Five. "...for the year it has been computed that eight executive officers of different departments received salaries totalling \$74,700, an average of \$9,346 for the eight, and in addition bonuses totalling \$2,126 were paid to three officials in 1934 on account of the 1933 business."

The CHAIRMAN: These departments are not departments of a store, but departments of the business, like the Fur Trade department, the Land department, the Stores department, and the Wholesale department?

The WITNESS: Yes.

Mr. KENNEDY (*Winnipeg*): These are very moderate compared to some we have had.

The CHAIRMAN: They certainly are.

By Mr. Sommerville:

Q. When you were giving this statement of salaries, you intimated that salaries included in this amount in schedule 9 includes clerks?—A. Yes.

Q. Well, then, the figures Mr. Nash has just read, and these figures are taken out of the \$112,000?—A. Yes.

Q. And that is for the year 1934?—A. Yes.

Q. Well, in the year 1931 the total for both officials and clerks and all was \$69,000?—A. In that year, however, they had charged administration expenses up to the store, so this would be a net figure.

Now, dealing with the stores department as a whole. The present Stores department is an outgrowth of the stores originally established in connection with the Fur Trade department and at present this department comprises: the Stores department administration head office in Winnipeg consisting of an assistant general manager and a small clerical staff. The position of the general manager is at present vacant, the duties being attended to by Mr. F. A. Chester, general manager for Canada.

I think in the printed statement Mr. Chester's initials are given wrongly.

Six large stores at Winnipeg, Vancouver, Calgary, Victoria, Edmonton and Saskatoon; four smaller stores at Kamloops, Nelson, Vernon and Yorkton; besides which buying offices are maintained in Toronto and Montreal and European buying offices are maintained jointly with the Robert Simpson company.

The relative importance of the various stores is indicated by the following tabulation of sales of each store for the year ending 31st January, 1934:—

Winnipeg..	\$7,600,000
Vancouver..	6,000,000
Calgary..	2,600,000
Victoria..	1,900,000
Edmonton..	1,900,000
Saskatoon..	1,100,000
Kamloops..	277,000
Nelson..	238,000
Vernon..	219,000
Yorkton..	171,000

There is also attached schedule number 10 showing the total sales to the nearest thousand dollars of all stores for the years from 1911 to 1934 inclusive, which schedule furnishes a fair indication of the growing importance of this department. From \$4,592,000 in 1911 the sales increased to their peak in the year ending 31st December, 1930, of \$35,810,000. During the four years there has been a steady reduction in sales until for the year 31st January, 1934, they totalled \$22,114,000.

Q. The Hudson Bay Company do not maintain a mail order department?
—A. No.

Mr. HEAPS: As you notice, Mr. Sommerville, the charge account is fairly heavy in this store compared with some of the other stores we have had investigated.

The CHAIRMAN: Yes, that is true; especially in the old days.

Mr. HEAPS: And even now—these figures for 1934 show \$14,169,000 of cash and \$8,890,000 as a charge account.

Mr. YOUNG: What does this last column “liens” mean?

The WITNESS: Sales of articles against which they maintain a lien; it might be added to the charge as well.

During the past four years there has been a steady reduction in sales until for the year ending 31st January, 1934, they totalled \$22,114,000, the reduction during the year ending 31st January, 1934, having been less marked than in the three previous years. The largest increase of any one year was in that ending 31st January, 1928, which showed an increase of nearly \$8,000,000 over the previous year. This was no doubt largely due to the increasing activity of the new store at Winnipeg.

Schedules number 10 to number 15 inclusive show the consolidation of the various stores operating statements into a total operating statement for all stores for each of the years ending 31st January, 1930, to 31st January, 1934, inclusive. I think schedule 15 was the only one printed.

The printed one is for the year ending 31st January, 1934.

On these Schedules there has been calculated for each Store and for the total of all Stores in each year the percentage of mark-up, i.e. gross profits to cost of sales on four different bases. Reference will be made later to the mark-up percentage in individual Stores but for comparative purposes the following tabulation shows the maintained mark-up of total store operations on each of these bases for each of the five years.

	Years ending 31st January				
	1930	1931	1932	1933	1934
(1) Gross Profit to cost of Sales before adding Buying Office Charges and cost of alterations.....	% 38·65	% 37·22	% 36·42	% 37·93	% 39·74
(2) Gross Profit to Cost of Sales before adding Buying Office Charges only.....	37·96	36·68	35·80	37·45	39·21
(3) Gross Profit to Cost of Sales before adding cost of alterations only.....	37·65	36·31	35·67	37·08	38·85
(4) Gross Profit to Cost of Sales after adding Buying Office Charges and costs of alterations.....	36·98	35·77	35·06	36·61	38·33

Item 4 indicates the basis followed by the company in their records.

These percentages seem to indicate that the reduction in profits in the years ending 31st January, 1930, 1931 and 1932 were partly accounted for at least by a reducing scale of maintained mark-ups as well as the reduction in volume of sales and that in the years ending 31st January, 1933, and 1934, a somewhat

better ratio of mark-ups has been obtained, which probably accounts to some extent at least, for the improved operating results in those two years, although this improvement has also been materially assisted by a substantial reduction of expenses.

When considering these percentages it should be remembered that the mark-up obtained in the various departments of the department stores varies considerably. A Schedule, No. 16, is attached showing in comparative form for the total stores departments for each year from 31st January, 1926 to 31st January, 1934 inclusive, the sales, cost of sales and gross profits, each item being subdivided into the following main divisions—

1. Grocery and Allied Departments, including Meats, Provisions, Fruits and Vegetables.
2. Coal, Lumber, etc.
3. Retail Inventory Department.
4. Other Departments, including Restaurant, Cakes, etc., Dressmaking, Contract Department, Flowers, Shoe Repairs, Hairdressing, Photo Studio, etc.

On this schedule there is shown for each of these divisions in each year the percentage of mark-up, namely, gross profit to cost of sales, and taking the year ending 31st January 1934 as an example it will be noted that the mark-up varies as follows—

On Grocery and Allied Departments.....	23·5%
On Coal, Lumber, etc.....	12·9%
On Retail Inventory Department.....	44·6%
On other Departments.....	40·6%

By Mr. Kennedy (Winnipeg):

Q. These represent the average mark-up?—A. The maintained mark-up throughout the whole stores division.

By Mr. Sommerville:

Q. Including all stores?—A. Yes.

Q. They vary in the different departments?—A. Decidedly.

Q. And when you group these together they give the result you have just indicated?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. What do you mean by that item, "retail inventory department"?—

A. That means such things as dress goods, silks, patterns, men's wear, women's wear, boots, shoes, clothing—the general run of the store.

By the Chairman:

Q. Other than groceries?—A. Other than groceries, and other than coal, lumber, restaurant, etc.

By Mr. Young:

Q. And what do you say that average is?—A. 44·6 per cent on this department.

By Mr. Sommerville:

Q. Yes. In other words, your average on coal and lumber of 12·9 per cent brings down the average of the whole?—A. It pulls down the general average.

Q. But eliminating coal and lumber and allied departments you get 44·6 per cent?—A. 44·6 per cent on retail inventory, and 40·6 per cent on other departments.

Schedule No. 17 attached shows the comparative operating expenses of all Stores for each of the years ending 31st January 1926 to 31st January, 1934, inclusive, and including charges made to the Stores by Head Office for Rent, Depreciation, Interest and Administration Expense. This Schedule also shows as a memorandum, the sales for each of these years and the percentage of each expense item to the sales. For ready comparison the total expenses for each year are quoted herein as follows:—

		Percentage of Sales	
Year ending 31st January 1926.....	\$ 4,841,000	28·3%	
“ “ 1927.....	6,220,000	29·2	
“ “ 1928.....	8,813,000	30·4	
“ “ 1929.....	9,741,000	28·0	
“ “ 1930.....	10,072,000	28·3	
“ “ 1931.....	9,886,000	32·3	
“ “ 1932.....	9,037,000	35·4	
“ “ 1933.....	7,125,000	31·6	
“ “ 1934.....	6,245,000	28·2	

It will be noted that the expenses were reduced from \$10,072,000 in 1929-30 to \$6,245,000 in 1933-34—a reduction of \$3,800,000, and that in the last year the percentage to sales is practically the same as it was in the year ending 31st January, 1930, in spite of the fact that the sales volume had decreased from \$35,810,000 to \$22,114,000.

By Mr. Kennedy (Winnipeg):

Q. Have you made any analysis to show how that reduction of expenses of nearly \$4,000,000 has been arrived at; is it in executive salaries, or wages, or what?—A. There have been substantial reduction in the wages.

Q. Do you come to that later in your memorandum?—A. I deal with wages in an entirely separate memorandum; but there has been a substantial reduction as is shown on the statement, in the year 1930 it was \$4,976,000, and the payroll in 1934 was \$3,203,000.

Q. Without any reduction in rates that might, of course, be due to the number of employees?—A. As a matter of fact, it is due to both, which will be shown later.

Mr. HEAPS: You show that the reduction in the number of employees was very substantial, over one thousand.

By Mr. Kennedy (Winnipeg):

Q. You are coming to that later?—A. Yes, there has been a reduction both in numbers and in rates.

By Mr. Sommerville:

Q. Yes. The statement which you have given us indicates a very sharp reduction in the expenses?—A. Yes.

Q. In the last five years?—A. Yes.

Q. Also a sharp reduction in the proportion of expenses?—A. You mean the percentage—unfinished.

Q. Your percentage of expenses to sales from 35·4 in 1932 to 28·2 in 1934?
—A. Oh, yes, from 1932 it shows a reduction; the percentage of expenses in the year ending 1934 was just about the same as in the year ending 31st January, 1930.

Q. How does that compare with the figures already in, that were given to us this morning in connection with the Eaton stores?—A. I have not seen those.

By Mr. Heaps:

Q. It is pointed out here I might state, Mr. Chairman, that the total number of employees in 1929 was 5,114, as against 3,856 in 1934?—A. Yes.

The CHAIRMAN: That is a reduction in the number, yes.

While there has been a substantial reduction in the amount of payroll, the percentage of payroll to sales shows an increase in the last five years. It should also be pointed out that amongst the most important reductions in expenses, both in dollar volume and in percentage to sales, are those expenses which are charged to the Stores by the Canadian Committee Office, e.g., rentals reduced by \$610,000 or 1 per cent of sales; interest reduced by \$380,000 or 0·6 per cent of sales; charge for general administration expense reduced from \$124,000 to nil, and depreciation of delivery equipment and maintenance of furniture and fixtures reduced from \$515,000 to \$259,000 or 0·3 per cent of sales.

By Mr. Sommerville:

Q. The reductions altogether amount to about 2 per cent?—A. Yes.

Q. In these items which are borne by the head office?—A. Yes, sir.

Q. So that in actual fact those items, to get the true picture of the expenses, should be added to the 28·2 per cent of expenses to sales?—A. You mean, the reduction should be added back.

The CHAIRMAN: Mr. Sommerville means they should be restored.

By Mr. Sommerville:

Q. They should be restored if they are borne by the head office.—A. In order to make the figures comparative they should be restored.

By the Chairman:

Q. Which would make that 28·2 per cent about 30 per cent?—A. Yes.

Mr. ILSLEY: It is about the same as the Toronto store of Eaton's 30·3 per cent.

Mr. SOMMERVILLE: If I remember rightly there was a development,—the proportion has grown for instance from 21·5 per cent in 1925 to 30·3 per cent.

The WITNESS: These reductions in head office charges have already been referred to as giving effect to the change in the policy in the management.

In the comparative Store Operating statement (Schedules Nos. 11 to 15) will also be noted an item "Sundry gains and losses." A schedule No. 18 is attached showing the make up of this item for all stores for each of the years ending 31st January, 1928, to 31st January, 1934, inclusive. The items of especial interest on this statement are the cash discounts—regular, anticipation and confidential and the suppliers' allowances. There is no special significance to the regular cash discounts, these being discounts in the ordinary way. Anticipation cash discounts represent discounts allowed for prepayment of suppliers' accounts. The confidential discounts and suppliers' allowances will be dealt with more fully when reporting on the individual stores.

By Mr. Sommerville:

Q. When you refer to "anticipation cash discounts" what do you mean by that?—A. When they pay the suppliers' accounts before the due date they take a discount.

Q. They take a discount for the number of days in advance of the due date?—A. For payment in advance of the due date.

By Mr. Heaps:

Q. Is that the Wholesale department?—A. This is dealing with the stores only.

Q. The retail stores?—A. The Stores department.

Reference has been made in some of the evidence already before the committee to one of the Winnipeg stores running a bus system to bring in their customers. In the schedule just referred to in the year ending 31st January, 1934, there may be noted an item of \$9,148 charged as Winnipeg Stores Development Expense. The explanation given for this item is that, sometime after the new crosstown highway had been opened in Winnipeg, transportation was not given on this new street by the Winnipeg Street Railway System and, in order to encourage the establishment of a bus route on this highway, and to accustom the buying public to travelling down town by this route, the Hudson's Bay Company operated a bus thereon for some months. It is maintained that this bus route was definitely not operated with the idea of taking customers away from the small stores in the north end of the city, and it was discontinued after a comparatively short time.

By the Chairman:

Q. It is not now operating?—A. No, it is not now operating.

By Mr. Kennedy (Winnipeg):

Q. To analyse it, it was a business proposition from the store's point of view to get customers to the store?—A. Yes, sir.

Q. To win customers?—A. Yes, sir. That was the explanation given to me, sir, by the general manager.

Q. And to keep the goodwill of the buying public?—A. It was really to accustom the people to travelling down town by that new route which was more directly to their new store.

Q. And I presume if a person gets a free ride to a store it puts them in a more friendly frame of mind towards that store?—A. Yes, sir.

By Mr. Heaps:

Q. Is not there a bus service now being operated on the same route as previously?—A. Not by the Hudson's Bay Company. They still operate a bus service but it is only to bring members of the staff from Hudson's Bay House which is the administrative headquarters to the store on certain days at certain hours.

Q. Although I live in that neighborhood I was under the impression that they still operate a bus service.—A. I was told definitely it had been discontinued.

Q. I thought the Street Railway Company were giving a service there?—A. Perhaps they are.

Mr. KENNEDY (Winnipeg): They simply pay the Electric people for the service.

The WITNESS: I thought they were operating their own bus.

Mr. HEAPS: Yes they did.

The CHAIRMAN: But it has been discontinued and is no longer in service whatever was the merits or demerits of it.

The WITNESS: It has been discontinued I am told.

Mr. KENNEDY (Peace River): Were the rides free?

The CHAIRMAN: Yes, they were free.

The WITNESS: Dealing with Store Administration.

The activities of the Stores Administration head office are confined largely to matters of policy, personnel, finance and the tabulation of the results obtained by individual stores. For some time prior to 1931 there appears to have been a succession of changes in the Administrative personnel with the result that, when the present administration took charge, the affairs of the company seem to have been in a somewhat disorganized condition, and it was necessary to make a number of changes in the Executive staff within the individual stores. With these changes there was also instituted a new policy with regard to personnel, as the Administration realized the necessity of building up a feeling of good will amongst their staff. One of the main ideas of this policy is that wherever a vacancy occurs in the organization, even though it be in another store, it is, wherever possible, filled by promoting one of the company's present employees. Besides offering definite encouragement to the employees, this policy is having the effect of creating uniformity of methods throughout the various stores and in order to further encourage this the company is continually arranging for interchange of staff and during the last year they have also spent a considerable amount on staff training.

It is understood that until a few years ago a central sample room was maintained at Winnipeg and buying of certain commodities such as men's clothing, shoes, groceries, etc., was done on a joint basis but this policy was discontinued although there still are no doubt instances where isolated purchases are made on a joint basis.

Financing of Store Operations

The Fixed Assets, i.e., the Lands, Buildings, Furniture and Fixtures (but not the Delivery Equipment) in use in connection with the store operations are carried in the Head Office accounts, and not on the accounts of the individual stores.

To cover this investment, up to and including the year ending 31st January, 1932, the Canadian Committee office had charged the stores with 6·3 per cent rental on the valuation of the land and buildings and 14 per cent on the furniture and fixtures, besides which 6 per cent was charged on the average daily balance of working capital used in the stores. Commencing from 1st February, 1932, however, the interest charge for capital employed was reduced to 5 per cent, and recognizing that, under present conditions, the stores could not be expected to carry the amounts which had been charged to them for rent of buildings and furniture, a new charge was completed being approximately 5½ per cent of the estimated sales. The effect of this has been that during the past few years the amount charged by head office to the stores has been very substantially reduced as indicated by schedule No. 19 attached, which shows the amount charged to each store for interest on capital, rental of furniture and rental of buildings for each of the years ending 31st January, 1926, to 31st January, 1934, inclusive.

Until 31st January, 1932, it had also been the policy of the Canadian Committee Office to charge the stores with an amount to cover Stores Head Office Administration charges. In 1930 the stores were charged with the expenses of two zone offices. In the year ending 31st January, 1931 and 1932, the Canadian Committee office made charges for administration of \$180,000 and \$140,000 respectively. This practice was, however, discontinued on 1st February, 1932, and at present the stores are not charged direct with any of the head office administration costs.

The general manager has stated that the company's chief concern at present is not to drive the stores with the idea of producing profits but rather to build up a sound organization and a feeling of loyalty and enthusiasm amongst the

staff in the belief that this will, in turn, result in a healthy growth of the company's business.

By Mr. Sommerville:

Q. I observe with respect to the year 1934, the amount charged against the eleven stores by head office for rent, furniture and fixtures was \$465,000?—A. That is rent and buildings.

Q. Rent and buildings, \$465,000?—A. Yes.

Q. As against \$1,045,000 in 1929?—A. Yes, that is right.

Q. And for last year the amount charged for rent, furniture and fixtures was \$243,000 as against \$459,000 in 1929?—Yes.

Q. That indicates the type, character and extent of the reduction made?—A. Yes, of the reduction made.

Q. That is in addition to this last money, to the reduction which you have been dealing with?—A. Of administrative expenses.

Q. Of administrative expenses?—A. Yes, they discontinued that altogether. The Canadian Committee Office advances to the stores such funds as are required to carry on the store business and these funds are represented in the Stores Accounts, largely by accounts receivable, merchandise, supplies and delivery equipment, less accounts payable and accrued charges, the net amount owing to the Canadian Committee Office appearing as a liability in the Stores Accounts. These balances will be referred to later in dealing with the individual Store operations at Winnipeg.

By the Chairman:

Q. You start now with the Winnipeg store?—A. Yes, the Winnipeg store.

The CHAIRMAN: I think, gentlemen, that this would be a good place to stop for lunch, because there is no use starting that and then breaking into the middle of it. We will re-assemble at 3.30 p.m.

The committee adjourned at 12.50 p.m., to meet again at 3.30.

AFTERNOON SESSION

The committee resumed at 3.30 p.m.

Continuing the examination of Thomas Weir.

The CHAIRMAN: Proceed, Mr. Weir.

The WITNESS: Before going on I would like to correct a statement in connection with the bus route. I was under the impression that the company owned the bus, but Mr. Martin, the assistant general manager, tells me that the Winnipeg Street Railway owned the bus and operated it but were recompensed by the company. They are now operating without any recompense.

By Mr. Sommerville:

Q. You are dealing with the Winnipeg store?—A. Dealing with the Winnipeg store as an example of the other stores.

ORGANIZATION WITHIN THE INDIVIDUAL STORES

The policy of decentralization previously referred to as having been instituted in 1931 was also carried out within the Stores Department and at present, except on matters of general policy the operation of the store is entirely the responsibility of the Store Manager. The store accounting is done at the store and monthly statements only are submitted to Head Office.

The Winnipeg Store is the largest Unit and is probably more thoroughly departmentalized than any of the others but the following outline of its organization will serve to give an idea of the practice throughout the various stores:—

The Chief Executive is the Store Manager. On the selling side he has the assistance of the Merchandise Manager and two assistants and the Sales Promotion Manager, who act in an advisory capacity to the Managers of the various Departments with regard to merchandise buying and selling.

On the non-selling side the Store Manager has the Superintendent and his assistant who have complete charge of the various non-selling divisions such as—delivery, housekeeping, carpenters, personnel, wrapping, marking, cashiers, etc.

There is also a Store Accounting Department under a Comptroller and an Office Manager, who have the responsibility of preparing the monthly statements, statistical data and such other information as the Store Manager may require.

The matter of wages is dealt with in a separate memorandum and this memorandum will be confined to the merchandising policies and the operating results of the *Winnipeg Store*. A separate memorandum has also been prepared covering the detailed examination of certain purchases in a number of Departments.

In dealing with Winnipeg Store it should be mentioned at the outset that a new store building was constructed and was occupied late in 1926, prior to which the business had been conducted in a very old building away from the present retail section. It will later be noted that this resulted in a very substantial increase in the Winnipeg Store business commencing in the year ending 31st January, 1928.

The following is a comparison of the balances on charge from Head Office to the Winnipeg Store at the end of each of the last ten fiscal years indicating the extent of the Company's investment in the business of this Store exclusive of the Land, Buildings, Furniture and Fixtures:—

Balance owing
Canadian Committee
Office
at 31st January

31st January 1925.....	\$ 765,000
31st January 1926.....	1,039,183
31st January 1927.....	2,619,213
31st January 1928.....	3,884,923
31st January 1929.....	3,700,000
31st January 1930.....	3,364,000
31st January 1931.....	2,822,000
31st January 1932.....	2,572,000
31st January 1933.....	1,818,000
31st January 1934.....	1,421,000

As a further indication of the trend of the Winnipeg Store business the following tabulation shows in comparative form the sales, cost of sales, gross profit and percentage of maintained mark-up for the total store for the years ending 31st January, 1925, to 1934, inclusive. Details of the sales by departments for these years are shown on Schedule No. 22.

Year ending	Sales	Cost of Sales	Gross Profit	Percentage of Maintained Mark-up
	\$	\$	\$	
31st January 1925.....	2,101,425	1,554,115	357,310	35.2
31st January 1926.....	3,165,594	2,434,507	731,087	30.0
31st January 1927.....	5,131,197	3,947,746	1,183,451	30.0
31st January 1928.....	10,409,580	7,911,436	2,498,144	31.6
31st January 1929.....	13,214,384	9,932,560	3,281,824	33.0
31st January 1930.....	13,457,702	10,126,244	3,331,458	32.9
31st January 1931.....	10,660,820	7,950,851	2,709,969	34.1
31st January 1932.....	8,956,412	6,693,813	2,262,599	33.8
31st January 1933.....	7,794,414	5,714,450	2,079,964	36.4
31st January 1934.....	7,637,339	5,679,107	1,958,232	34.5

The percentages of maintained mark-up quoted above represent of course the mark-up throughout the whole store and it should be remembered as previously stated in this report when referring to Schedule No. 16 that the comparatively low mark-up percentage obtained on Coal, Lumber, etc. and on Grocery and Allied Departments has the effect of substantially reducing the average mark-ups obtained throughout the Store. For convenient reference, the mark-up percentage of these various divisions for the whole of the Stores Department for the year ending 31st January, 1934, as shown on Schedule No. 16 is again quoted—

Grocery and Allied Departments.....	23.5%
Coal, Lumber, etc.....	12.9%
Retail Inventory Department.....	44.6%
Other Departments.....	40.6%

Q. That percentage of maintained mark-up includes the return from the Coal and Wood department?—A. That is for the total store, including coal, wood and groceries.

Q. And the coal and wood represent about a 10 per cent mark-up, while the groceries represent from 15 to 17 per cent.—A. Yes. Later on I refer again to these percentages.

STORE OPERATING EXPENSES

In the Store Accounts the Operating Expenses are set up in two different ways and schedules are attached showing these for the year ending 31st January 1934, as follows—

Schedule No. 23 shows the operating expenses according to the "Natural" classification.

Schedule No. 24 shows the same expenses allocated to departments and subdivided according to the "Functional" classification.

Referring to Schedule No. 23 showing the "Natural" classification of expenses, very little comment is necessary. The item of "Payrolls" has been dealt with in a separate memorandum on the Wages of this Store. "Rentals" represent largely the charge made by the Store's Administration Head Office for the use of the building and furniture and fixtures. "Advertising" will be dealt with separately when reporting on the merchandising policies of the Company. Taxes represent municipal taxes paid on the store building. "Interest" includes the interest charged by the Head Office as well as interest allowed on deposit accounts. "Depreciation" includes that portion of the charge made by Head Office representing depreciation of the building, furniture and fixtures, as well as the charge for depreciation of delivery equipment carried on the Store's account.

In Schedule No. 24 showing the "Functional" classification of expenses, the largest item is Occupancy Charges. Reference has previously been made to

the charges made by the Store's Administration Head Office to the various stores for use of the building and furniture and fixtures. The Executive Office in the Stores in turn charges against each department a proportionate amount of these "Occupancy Charges."

Except during the year ending 31st January, 1933, the practice in the Winnipeg Store has been to distribute these charges on the basis of the area occupied by the Department. In the year ending 31st January, 1933, the charges were distributed on the basis of a percentage to the estimated gross profit but this method proved unsatisfactory. The following tabulation shows the total Occupancy Charges for the past four years and the amounts thereof distributed to the Departments:

Year ending 31st January	Total Occupancy Charges	Amount Distributed to Departments	Amount not absorbed by Departments
1931	\$ 1,021,458	\$ 1,021,458	.....
1932	1,000,599	1,000,599	.....
1933	774,509	665,880	108,629
1934	516,713	516,713	.....

It will be noted that the total has decreased very substantially during this period.

Mr. NASH: Much the same policy was adopted as in the other stores.

The WITNESS: That was followed, except in 1933 when they followed another system. It was not satisfactory and they discontinued it.

POLICY WITH REGARD TO ORDERING AND BUYING

As previously stated in this report, prior to January, 1931, it was the policy of the Company that purchases for certain departments should be made through one buyer at Head Office, thus taking advantage of the buying power of the whole organization. It is understood however that this system did not prove satisfactory and since 1931 the policy has been that the Manager of each Department makes his own purchases subject only to the control of the Merchandise Manager in his store. We have previously indicated however that there have been exceptions to this policy and it was noted that certain confidential discounts received at Head Office in Winnipeg applied to more than one store, e.g. Consolidated Optical Co. Ltd., Imperial Optical Co. Ltd., L. E. Waterman Co. Ltd. Further reference will be made to confidential discounts later.

The routine followed in placing an order is:—

1. All orders for goods at a value of more than \$10 must be signed by the buyer or his assistant.
2. All orders from those other than local suppliers must be confirmed by the Merchandising Department and the suppliers were advised of this in December 1932.
3. Orders are placed with suppliers subject to certain conditions, amongst these being the following—
 - (a) "Please acknowledge order by return of post confirming delivery date and terms."
 - (b) "It is a condition of this order that we are protected against any liability on account of trade marks, patents or other infringements."
 - (c) "This order is subject to cancellation if goods are not shipped on date specified."
 - (d) "It is a condition of this order that we will receive benefit of any decline in price up to specified and actual date of delivery."
4. It is the practice of the buyer to scrutinize at intervals not exceeding one month the uncompleted orders and issue cancellation notices to the

suppliers on such orders as they desire to cancel. It was stated however that if the goods had been shipped prior to the receipt of such notice it was the Company's practice to accept the merchandise. In one of the Departments (No. 150 Women's Sports Wear) we noted two exceptions to this practice and will refer to them again in a memorandum dealing with that Department.

BUYING OFFICES

Buying Offices are maintained by the Company at Montreal and Toronto and in addition the Company has a joint interest with Robert Simpson Company in Buying Offices in London, England and Paris, France. The function of these Buying Offices is not to buy for all the stores but to keep in touch with the various sources of supply, the trend of fashion, etc., etc., so that when the Store buyers go to Toronto or Montreal on a buying trip the Buying Offices are in a position to act in an advisory capacity.

The cost of maintaining these Buying Offices is covered by the Store's Department Head Office passing an annual charge to each store and the Executive Department of each individual store in turn passes on to the individual departments the buying charge by adding to the invoices covering goods purchased for each department 1% to cover the Canadian buying office charges and in the case of imported goods 6% is added to cover the cost of maintaining the Foreign Buying Offices. In the Memorandum dealing with the investigation into certain selected Departments reference will again be made to these buying charges as they affect to some small degree the mark-up obtained by the departments.

Reference will also later be made to charges made against individual departments for alterations, chiefly to clothing and millinery, carried out in workrooms operated by the Company. The volume of this work is however comparatively small.

Return of Merchandise.

With regard to the policy of the Store in this connection the following extracts from Circular No. 139-33, issued by the Merchandise Manager are of interest.

"We have had several complaints recently that we have returned merchandise direct to manufacturers without in some instances even writing a letter informing them of the return of the merchandise.

In some instances merchandise was returned direct to the manufacturer with very little reason or a poor excuse for its return. In one or two instances merchandise has come into the store and remained in our marking room for a period of thirty days before being returned to the manufacturer."

Q. This is a circular addressed by the merchandising managers to the managers of the stores?—A. Yes, to the department managers. That was issued in October, 1933.

Mr. YOUNG: Is it customary for these big stores to return goods to manufacturers?

The WITNESS: Well, since that date, the rule in effect—since October, 1933, the rule in effect in Winnipeg has been, with regard to returning merchandise:—

- (a) "Unsatisfactory, Not as Ordered, Damaged, Not as Sample Shipment, must first be taken up direct with Buying Offices. In turn the Buying Offices will contact the manufacturers and request permission to return these shipments."
- (b) "Returns to the value of \$25 or over must receive the consent and signature of the Merchandise Office before being returned."

We have a list of the principal sources of supply. I do not know whether you want the names.

By Mr. Sommerville:

Q. They have been handed in and an inquiry has been made as to conditions in some of the factories. I see the orders of these principal suppliers run up— —A. The highest is \$133,000 on meats.

Q. There is another one \$69,000 on men's clothing, \$53,000 on meats, \$51,000 on sugar, \$45,000 on hosiery, \$43,000 on tobacco, \$36,000 on men's clothing, \$36,000 on chesterfields and bedding, \$36,000 on rubber footwear, \$29,000 on dresses, \$26,000 on canned goods, \$22,000 on women's clothing, and so on.

Mr. HEAPS: For the whole year.

Mr. SOMMERVILLE: For the year.

The WITNESS: In the next paragraph is an indication of the provinces in which the merchandise was purchased, and there is a table which I will put in.

Province	Men's and Boys' Clothing		Women's Clothing	
	Approximate Amount	Percentage of Total	Approximate Amount	Percentage of Total
	\$	%	\$	%
Quebec.....	169,000	66.0	192,000	52.6
Ontario.....	53,000	20.7	131,000	35.9
Manitoba.....	14,000	5.5	26,000	7.1
Others.....	20,000	7.8	16,000	4.4
Total.....	256,000	100.0	365,000	100.0

Consignment Goods

It is the policy of the Hudson's Bay Company, Winnipeg store, not to encourage the handling of goods on consignment, although some evidence of consigned goods was found in two of the Departments investigated, namely, Men's and Boys' Clothing, Department 860, and Women's Dresses, Department 145. Further reference will be made to this when reporting on the investigation of these departments. The Merchandise Manager also stated that on several occasions Oriental rugs and jewellery had been taken in on consignment.

In the Furniture Department in particular, and to a lesser degree in other departments, the buyers have an arrangement with several local suppliers whereby merchandise is returnable if not sold. In such instances, however, the quantity of merchandise carried at any time is not large, and represents mostly sample goods carried in the stores from which orders are taken and filled direct from the factory.

There will be reference to this in quoting on individual price spreads, in the furniture department in particular. In this case they carry, probably, a sample suite and when that is bought or ordered they order direct from the factory.

By Mr. Sommerville:

Q. Take the grocery and drug department?—A. In the Drug and Grocery departments, this occurs where the articles have a maintained price, that is, where the selling price is fixed by the manufacturer and the store is not permitted to make any reduction.

Q. And what happens there?—A. They can send it back in those cases. There are special facilities offered by some suppliers who have not got local factories. For instance, the manufacturer of such articles as radios, washing

machines, furniture, soaps, drugs, toothpaste, rubber footwear, etc. The maintenance of these stocks by the supply houses at local points enables the department store to offer their products for sale without the necessity of carrying a large stock. Such articles as electric appliances and furniture are sold from samples. Anticipation discounts have already been dealt with. These were cases where they prepaid their invoices and took the discounts for the number of dollars. The gross amount of such discounts for the fiscal year ending 31st January, 1934, according to the store accounts was \$5,184.

CONFIDENTIAL DISCOUNTS

According to the Winnipeg Store Accounts the amount received during the year ended 31st January, 1934, for confidential discounts was \$2,232.29. A complete list of discounts credited to this account was obtained and is shown on Schedule No. 25.

In addition it was found that certain discounts, of other than a regular nature, had been credited to the Regular Discount Account and Schedule No. 26 shows a number of these but this list is incomplete as the information was not readily obtainable.

ADVERTISING ALLOWANCES

During the year ending 31st January, 1934, the Winnipeg Store received from suppliers as allowances for advertising the sum of \$6,208. Schedule No. 27 shows the Name of the Suppliers, the Amount Received and the Department to which it was credited.

This Schedule also indicates that there was received from the lessees of leased departments an estimated additional amount of \$1,500.

Q. You found no evidence of any audit of that advertising allowance, did you? That is to say, the firm did not send through any certified statement showing the number of lines occupied by the goods for which the advertising allowance had been given?—A. We saw an indication where some of the advertising allowances were given based on the supplier standing half the cost on the advertisement and the company standing the other half. We saw that in the Furniture department particularly.

DEMONSTRATION ALLOWANCES

It is the practice of a large number of suppliers, particularly in the Drug and Grocery trades, to supply certain employees or to reimburse the Company, either in part or in full, for the wages of such employees who demonstrate the products of the supplier. These demonstrators endeavour to encourage the sale of their own merchandise but they are also expected to sell other merchandise within the particular department, and must obey the rules and regulations under which the regular employees of the Company work.

These allowances are made in several ways—

1. By the supplier paying the demonstrator direct.
2. By the supplier reimbursing the Hudson's Bay Company for the amounts paid the employees.
3. By making allowances on goods purchased.

During the year ending 31st January, 1934, the Hudson's Bay Company, Winnipeg Store, received from suppliers such allowances totalling at least \$9,302.59 as indicated on Schedule No. 28, but this schedule is incomplete as the data was not readily available.

ADVERTISING

Reference has been made in the Evidence before the Investigating Committee to the advertising policies of the department stores.

Hudson's Bay Company, Winnipeg Store, carries advertisements regularly in each of the two Winnipeg daily papers and on various occasions throughout the year they distribute advertising material by hand direct to the householders in a form known as "Fliers".

These Fliers resemble in appearance several sheets of newspaper advertising and in fact they are now printed for the Company by the Newspaper Companies.

The following is a tabulation of the number of lines of advertising used in the years ending 31st January, 1928, to 31st January, 1934, inclusive.

Year ending 31st January	Free Press	Tribune	Fliers
1928.....	1,753,639	1,711,273	
1929.....	1,960,415	1,963,480	
1930.....	1,856,552	1,849,225	
1931.....	1,396,507	1,387,205	24,640
1932.....	1,385,392	1,399,930	271,040
1933.....	1,091,163	1,107,076	105,952
1934.....	1,172,391	1,183,568	290,752

The list relating to fliers is necessarily incomplete.

Q. Data of that kind is difficult to get?—A. Yes.

Q. The statement you have just completed covers the general organization, financial system and merchandising policy generally of this company?—A. Yes.

Q. Now, will you turn to the wage scales, please?—A. The schedules attached to this statement are as follows:—

MEMORANDUM RE HUDSON'S BAY COMPANY

SALARIES AND WAGES

WINNIPEG STORE

(1) Schedules attached

- Schedule W1 Extracts from Minimum Wage Regulations, Manitoba, covering Female Employees in Department Stores.
- Schedule W2 Summary of analysis of payroll by rates—Selling Staff.
- Schedule W3 Summary of analysis of payroll by rates—Non-selling Staff.
- Schedule W4 Analysis of selling payroll—Selected Departments—4 weeks during 1933 and 1934.
- Schedule W5 Analysis of non-selling payroll—4 weeks during 1933 and 1934.
- Schedule W6 Comparative analysis (5 years) of rates paid Store Executives and Department Managers, together with comparison of month's total salaries and also total salaries for calendar years.

Extracts from
PROVINCE OF MANITOBA
MINIMUM WAGE BOARD

Regulation 2

Governing the Occupation of Female Employees in all Departments of a
DEPARTMENTAL STORE AND MAIL ORDER HOUSE
INCLUDING MANUFACTURING DEPARTMENTS

Note:—By a special ruling the Board reduced the rates mentioned herein by 10 p.c., effective March, 1933, for one year and later extended this period for a further six months.

2.—HOURS

(1) *Hours of Labor.*—The hours of labor shall be not more than nine (9) hours in any day, nor more than forty-eight (48) in any week. Saturday afternoon shall be a half-holiday during the months of June, July and August. No employee shall work between 10.00 p.m. and 7.00 a.m. nor on Sundays. There shall be a period of not less than eleven hours between the close of one day and the beginning of the next.

(2) *Overtime.*—Overtime may be worked not oftener by any one employee than thirty-six (36) days in one year and shall not exceed three (3) hours in any day, nor six (6) hours in any week, except at stock-taking time, when one (1) additional night may be worked. From November 1st to December 24th nine hours per week overtime may be worked in the mail order department. From December 15th to December 24th inclusive the sales force may work nine hours per week overtime. No minor under sixteen (16) years of age shall work overtime. There shall be extra pay at not less than the regular rate for all overtime worked.

(3) *Overtime Record.*—A record of all overtime worked by each employee shall be kept in a manner convenient for examination by inspectors.

(4) *Lunch Hour.*—At least one hour shall be allowed for lunch.

(5) *Delays.*—An employee waiting on the premises as required by the employer shall be paid for the time thus spent.

3.—WAGES

(1) *Method of Payment.*—Wages shall be paid weekly and after each week's wages have been earned, they shall be paid within three (3) days.

(2) *The Minimum Wage.*—No experienced employee of eighteen years of age or over shall be paid wages at a rate less than twelve dollars (\$12.00) per week.

(3) *Statutory Holidays.*—No reduction shall be made from the Minimum Wage for statutory holidays.

(4) *Adult Learners.*—No inexperienced employee of eighteen (18) years of age or over shall be paid wages at a rate less than nine (\$9.00) dollars per week for the first six months of employment, and eleven (\$11.00) dollars per week for the second six months, after which period of twelve months she shall be considered an experienced employee.

(5) *Minors*.—Girls under sixteen (16) years of age shall be paid not less than seven dollars (\$7.00) per week; girls of sixteen (16) years of age shall be paid not less than eight dollars (\$8.00) per week; girls of seventeen (17) years of age shall be paid not less than nine dollars (\$9.00) per week. Girls reaching eighteen years of age without experience in selling, shall serve a learning period of six months at a rate of not less than eleven dollars per week. Girls who have been working for one year or more shall be considered experienced adults upon reaching the age of eighteen (18) years.

Minors in Manufacturing Departments.—Other than those in Dressmaking and Millinery—Girls under eighteen (18) years of age shall be paid not less than eight dollars (\$8.00) per week for the first four months, and not less than nine dollars (\$9.00) per week for the second four months, and not less than ten dollars (\$10.00) per week for the third four months, after which period of twelve months she shall be considered an experienced adult and shall receive not less than the minimum wage of twelve dollars (\$12.00) per week.

The number of learners and minors combined shall not exceed 25 p.c. of the total experienced female employees. No girl under fourteen (14) years of age shall be employed.

EXCEPTIONS—

(a) *In Millinery Workrooms—Adults Learners and Minors*.—There shall be a probationary period of four weeks for which no wages are stipulated; after which period an employee shall receive not less than six dollars (\$6.00) per week for the balance of the first season, and not less than seven dollars (\$7.00) per week for the second season, and not less than eight dollars (\$8.00) per week for the third season, and not less than ten dollars (\$10.00) per week for the fourth season. After the fourth season not less than the full minimum wage shall be paid. Ten (10) weeks shall constitute a season.

(b) *In Dressmaking Workrooms—Adult Learners*.—No employees of eighteen years of age or over shall be paid less than eight dollars (\$8.00) per week for the first three months of employment, nor less than nine dollars (\$9.00) per week for the second three months, nor less than ten dollars (\$10.00) per week for the third three months, nor less than eleven dollars (\$11.00) per week for the fourth three months. After which twelve months' period she shall receive not less than the minimum of twelve dollars (\$12.00) per week.

Minors.—There shall be a probationary period of four weeks for which no wages are stipulated; after which period an employee shall receive not less than six dollars (\$6.00) per week for the first six months, and not less than seven dollars (\$7.00) per week for the second six months, and not less than eight dollars (\$8.00) per week for the third six months, and not less than nine dollars (\$9.00) per week for the fourth six months. After which two years' period she shall receive not less than the full minimum wage of twelve dollars (\$12.00) per week. A minor who has been working for one year or more shall be considered an experienced adult upon reaching the age of eighteen (18) years.

4.—PERMITS OF EXEMPTION

The Board may issue a permit upon application therefor to any employer, granting modification of or exemption from these regulations. Such permits will be issued only in cases of exceptional or emergent conditions arising.

HUDSON'S BAY COMPANY—WINNIPEG STORE

SUMMARY OF ANALYSIS OF PAYROLL BY RATES—SELLING STAFF EXCLUSIVE OF EXECUTIVES AND DEPARTMENT MANAGERS

Week Ending	Total No. of Em- ployees	No. of half days Worked	\$8.00	\$9.00	\$10.00	\$10.80	\$12.00	\$13.00	\$14.00	\$15.00
Regular Staff—Male—										
March 29, 1930.....	148	.....	.....	.....	1	.....	5	1	1	5
March 28, 1931.....	130	.....	.....	.....	1	.....	3	.....	.....	3
March 26, 1932.....	119	.....	.....	.....	.....	.....	1	1	2	3
March 25, 1933.....	107	.....	.....	1	1	.....	3	2	.....	8
March 24, 1934.....	112	.....	.....	.....	.....	.....	3	4	3	7
Part-time employees—Male—										
March 29, 1930.....	4	20	1	.....	.....	.....	.....	.....	.....	.....
March 28, 1931.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
March 26, 1932.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
March 25, 1933.....	4	36	.....	.....	.....	.....	.....	1	.....	.....
March 24, 1934.....	7	51	1	.....	.....	.....	.....	.....	.....	2
Regular staff—Female—										
March 29, 1930.....	322	.....	.....	.....	10	.....	98	32	49	41
March 28, 1931.....	303	.....	.....	5	10	.....	97	38	51	34
March 26, 1932.....	268	.....	.....	1	12	.....	88	38	49	30
March 25, 1933.....	251	.....	.....	14	5	2	104	34	34	23
March 24, 1934.....	252	.....	.....	16	3	10	100	38	32	22
Part-time employees—Female—										
March 29, 1930.....	65	438	1	6	19	.....	35	.....	.....	.....
March 28, 1931.....	70	544	.....	.....	14	1	42	.....	5	2
March 26, 1932.....	89	793	.....	16	20	.....	29	3	6	6
March 25, 1933.....	60	492	.....	12	1	8	23	1	7	5
March 24, 1934.....	69	578	1	11	.....	24	18	1	7	3

Schedule W-2

HUDSON'S BAY COMPANY—WINNIPEG STORE

SUMMARY OF ANALYSIS OF PAYROLL BY RATES—SELLING STAFF EXCLUSIVE OF EXECUTIVES AND DEPARTMENT MANAGERS

\$16.00	\$17.00	\$18.00	\$19.00	\$20.00	\$21.00	\$22.00	\$23.00	\$24.00	\$25.00	Miscellaneous Rates			Total Average Weekly Rate
										No.	Average Pay- ment	Total Paid	
											\$ cts.	\$ cts.	\$ cts.
1	4	8	2	8	2	11	3	6	13	77	33.63	2,589.50	27.09
5	3	12	2	14	.....	8	10	5	22	42	28.90	1,214.00	23.43
3	2	12	2	12	.....	12	8	4	19	38	27.12	1,030.40	22.88
4	3	12	.....	10	2	14	16	5	9	17	28.03	476.50	21.14
5	2	11	4	11	3	9	14	5	12	19	28.51	541.70	21.32
.....	.....	1	.....	1	1	.....	.....	.....	.....	.....	.....	.....	16.75
.....	.....	.....	.....	.....	.....	1	.....	1	.....	1	26.00	26.00	21.25
.....	1	1	.....	1	1	.....	.....	.....	.....	.....	.....	.....	16.31
18	15	14	3	15	5	6	3	1	2	10	29.50	295.00	14.97
19	5	27	1	9	.....	2	1	.....	.....	4	16.87	67.50	13.98
17	10	5	7	6	.....	.....	.....	.....	.....	5	13.90	79.50	13.73
13	5	4	7	3	.....	.....	.....	.....	.....	3	13.87	41.60	13.18
10	5	5	5	3	.....	.....	.....	.....	.....	3	16.00	48.00	13.06
1	.....	3	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	11.35
1	2	3	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	12.29
3	1	2	.....	1	.....	.....	.....	.....	.....	2	11.00	22.00	11.74
3	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	11.90
.....	.....	1	1	.....	.....	.....	.....	.....	.....	2	15.60	31.20	11.69

HUDSON'S BAY COMPANY—WINNIPEG STORE

COMPARATIVE ANALYSIS OF EXECUTIVE AND DEPARTMENT MANAGERS' PAYROLL BY RATES

Monthly Rates	March, 1930	March, 1931	March, 1932	March, 1933	March, 1934				
\$ cts.									
41.66	1								
100.00		1			1				
140.00				2	1				
150.00	1		1	1	1				
151.66				1	1				
156.00			1		1				
157.50			1	2					
175.00		3	4	5	2				
180.00			1	1	1				
183.33				1					
185.00		1	1		1				
195.00			4	3	2				
200.00	8	8	3	3	4				
202.50			1						
206.00				1	1				
210.00	1								
215.00	1								
216.66		2	2	4	2				
225.00	2	3	4	1	6				
234.00			2	1					
240.00	3	2			2				
250.00	7	3	3	3	4				
260.00	1	2							
263.00					1				
266.66			1						
270.00	1		3	1	1				
275.00	2	2		1	3				
280.00	2								
281.66	1	2	2	1	1				
292.50			1						
300.00	8	4	2	2					
312.50		1							
315.00			2	1					
325.00	1	1	1	1	1				
333.33				2	2				
337.50			2	1					
347.00	1								
350.00	6	7	3	3	3				
360.00			1	1	1				
365.00	1	1							
375.00	1	1		1					
400.00	5	3	1	2	2				
416.66	2	1	3	1	2				
425.00	1	1							
434.00	1								
450.00	2		5	3	3				
500.00	7	7	2	2	5				
540.00			1	1	1				
541.66	1	1		1	1				
562.50			1	1	1				
584.00	1								
600.00	1	1							
625.00	1	1							
666.66				1					
676.00	1								
708.33			1						
750.00		1	2						
825.00			1	1					
833.33	3	4			1				
916.66		2							
917.50	1								
1,125.00			1	2					
1,250.00		1			1				
	76	67	64	59	60				

COMPARISON OF MONTH'S TOTAL SALARIES—EXECUTIVE			
Date	Number on Roll	Total Amount	Average for Month
		\$ cts.	\$ cts.
Mar., 1930	76	28,560.49	375.79
1931	67	25,807.43	385.18
1932	64	21,203.73	331.30
1933	59	19,191.53	325.28
1934	60	19,210.30	320.17
Reduction from 1930 to 1934....	16 cts. 21	9,350.19 cts. 32.7	55.62 cts. 14.8

Bonuses Paid			
Jan., 1930		\$ cts.	
1931		5,919.70	
1932		1,594.59	
1933		833.38	
1934		1,800.29	
		4,021.07	

TOTAL SALARIES AND BONUSES TO EXECUTIVES FOR CALENDAR YEARS			
Date		\$ cts.	
Jan., 1929		358,286.50	
1930		328,769.00	
1931		318,847.59	
1932		260,875.33	
1933		229,295.38	
Reduction from 1929 to 1933.....		128,991.12 cts. 36	

Schedule W-3

MANAGERS

[illegible]

SCHEDULE W-5

Total
Payroll

\$ cts.

1,528.20
1,333.81
1,210.45
1,163.90

284.85
256.95
264.60
322.80

449.60
495.20
510.65
461.20

76.30
66.25
72.00
72.00

182.85
205.80
162.65
174.65

190.55
203.90
240.25
227.40

97.50
116.10
116.75
127.45

441.46
381.46
488.98
429.33

34.00
37.00
30.00
28.00

72.00
102.00
88.00
105.00

298.65
205.50
176.98
236.75

183.00
142.65
150.50
147.00

400.25
505.15
418.90
445.65

16,163.02

e	Number of Hours Worked Part Time Staff		Sundry Payments Full Time and Part Time Staff				Total Pay for Full Time and Part Time Staff including overtime, bonuses and commission		Total Amount Paid Extra Staff		Total Payroll
			Bonuses Paid	Comm. Paid	Value of Meals Given				Male and Female		
	Male	Female			Full Time Staff	Part Time Staff	Male	Female		Male and Female	
ts.			\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
00	72	348					512.50	856.65	159.05	1,528.20	
51	244	455					458.50	758.91	116.40	1,333.81	
40	116	370		1.63			475.60	707.95	26.90	1,210.45	
65	80	440		1.65			374.80	705.90	83.20	1,163.90	
							77.00	55.20	152.65	284.85	
20	24	32					85.50	39.60	131.85	256.95	
10		76					75.00	50.70	138.90	264.60	
	48						83.00	54.00	185.80	322.80	
10	220	114					325.95	121.00	2.65	449.60	
				2.80			344.50	131.25	19.45	495.20	
	88			1.15			368.00	142.65		510.65	
							354.80	93.60	12.80	461.20	
								62.40	14.10	76.30	
								54.55	11.70	66.25	
								52.00	20.00	72.00	
								62.00	10.00	72.00	
	260						156.10		26.75	182.85	
							155.00		50.80	205.80	
	100						155.65		7.00	162.65	
	74						163.30		11.35	174.65	
50		235					12.00	133.55	45.00	190.55	
90		44						179.90	24.00	203.90	
								205.70	34.55	240.25	
90		44						184.90	42.50	227.40	
30		45½						97.50		97.50	
40		36					10.00	106.10		116.10	
							10.00	103.15	3.60	116.75	
90	22	44					16.00	111.45		127.45	
00	28	44		231.46			63.00	357.96	20.50	441.46	
	36			154.96			65.00	282.46	34.00	381.46	
	40			175.28			86.00	314.78	88.20	488.98	
15		80		145.03			65.00	325.68	38.65	429.33	
							34.00			34.00	
							37.00			37.00	
							30.00			30.00	
							28.00			28.00	
							72.00			72.00	
							72.00		30.00	102.00	
							73.00		15.00	88.00	
							87.00		18.00	105.00	
	44						131.15	13.00	154.50	298.65	
							121.50		84.00	205.50	
							145.48	12.00	19.50	176.98	
							121.50	12.00	103.25	236.75	
	72						160.50	12.00	10.50	183.00	
	72						142.65			142.65	
	40						148.50		2.00	150.50	
							147.00			147.00	
00	28	148½			51.30	12.15	213.35	127.60	59.30	400.25	
60					62.10	6.75	215.70	164.50	124.95	505.15	
50	32	72			59.40	6.75	218.20	136.90	63.80	418.90	
05		155			62.10	10.80	244.00	146.25	55.40	445.65	
16	1,740	2,983		713.98	234.90	36.45	6,934.73	6,975.74	2,252.55	16,163.02	

HOURS OF EMPLOYMENT

For at least the past five or six years the regular store hours have been as they are at present, *i.e.* 9 a.m. to 6 p.m. with one hour for lunch, or a 48-hour week, except during June, July and August, when the store closes on Saturdays at 1 p.m. and for about six days prior to Christmas when the store remains open in the evenings.

EMPLOYMENT OF PERSONNEL

Responsibility for the employment of all store personnel other than executives is centered in the Superintendent's Department under the assistant superintendent, Mr. R. S. Carey, who interviews all applicants and obtains the necessary information. He then refers several selected applicants to the Department Manager concerned who indicates his preference of those selected.

The general policy of the management with regard to store personnel appears to have undergone a change two to three years ago, since when increased interest has been taken in the welfare and goodwill of the employees. Great care is now taken in the original selection of new employees with a view to their future development, and special attention is also paid to the subsequent training of employees selected for advancement on the basis of merit. Wherever possible senior vacancies are filled by promotion from their own staff, and this is carried to the extent of transferring staff between stores wherever senior vacancies occur.

Applicants for positions, both male and female, are now required to be at least 17 years of age and to have completed grade II at high school which is the University entrance grade, and are employed first as cashiers and wrappers or employed in the marking room, all of which are junior positions. After serving in these positions for various lengths of time, depending on their own ability and also on the opportunities offered for advancement, they are given increases as required by the Minimum Wage Act of Manitoba and when considered capable they are transferred either to a sales or an expense department, depending on which class of work they have shown themselves to be adapted for.

With regard to the employment of married females, there is a general rule that when a female employee is married she is expected to resign, but there are exceptions to this rule, and in any case the resignation is not demanded immediately, consideration being given to the employee's financial circumstances, etc.

By Mr. Heaps:

Q. I notice from one part of this "employment of personnel" that they will not employ any one unless they are in grade II of High School?—A. That is standard now, I am told by the employment manager.

Q. Then, if any one goes there and asks for work they must have passed Grade II?—A. I believe they have set the standard quite high the last year or two.

Q. That would preclude a great many people from seeking employment?—A. I suppose it would, in that place.

Q. I never went to grade II in school, a long ways from it?

Mr. KENNEDY (Winnipeg): Well, you have gone further in the school of life.

Mr. HEAPS: Yes. It strikes me they are setting a very high standard there for people who are to start work at \$9 a week.

Mr. SOMMERVILLE: That is matriculation standing.

Mr. HEAPS: Yes, they have to complete grade II.

By Mr. Sommerville:

Q. That is their standard, at any rate?—A. Yes.

DISCHARGE OF EMPLOYEES

A definite policy is at present under consideration with regard to the discharge of employees, the suggestion being that while each case will be dealt with individually on its merits, employees with dependents should receive longer notice than those living at home with parents, and in addition the length of service of the employee is to be considered, the suggested scale being as follows:—

Service of three years or less to receive notice with pay ranging from three days to one week;

Service of three to seven years, notice with pay from one to two weeks;

Service over seven years, notice with pay from two weeks to one month.

SALARY ADJUSTMENT

All salaries are revised once a year, usually commencing in January, and covered gradually as time permits. Throughout the year changes are only made on the definite recommendation of department managers approved by the personnel office.

With regard to reductions in salaries during the past few years, in 1930 all salaries were reviewed individually and a number of reductions were made which affected from 25% to 30% of the staff.

In 1931 for a period of five months the Company instituted work on short time with the staff rotated so as to spread the work over a greater number. It was estimated by the personnel office that this short time would average approximately one half day per week.

In January 1932 a reduction of 10% was made applying to the following but not to those whose rates had already been reduced:

A. All married men earning over \$30.00 per week reduced 10%, but not to bring their scale below \$30.00.

B. All single persons earning over \$20.00 per week reduced 10%, but not to reduce the scale below \$20.00.

By Mr. Sommerville:

Q. That is the second cut then; how many were affected?

By the Chairman:

Q. Excuse me, it did not affect those that had been previously reduced?—

A. No.

By Mr. Heaps:

Q. How many were affected by this cut?—A. I do not know how many would be affected by that, but I have later figures showing the effect of the reduction on the total salary roll, and the percentage of the reduction; I also have schedules showing how many come in the various groups of pay rates.

In 1933 when the Minimum Wage Act was changed allowing a 10% reduction in rates, (from \$12.00 to \$10.80) the Company reduced the rates of all junior employees to the revised Minimum Wage rate, the employees affected being cashiers, wrappers and marking room. This was the first time the rates of the employees in this group had been reduced.

By Mr. Heaps:

Q. And they all had to have grade II education in order to become wrappers?

—A. I do not know that they did at that time, but they do now.

Q. They do now?—A. Yes.

Savings in wages have also been effected by giving the older employees preference in taking over junior positions at the rates of these positions rather than discharging them and retaining junior employees.

The effect of these reductions on the average weekly salaries will be shown later.

Since 1st January 1934 increases have been given on the basis of merit and individual consideration to approximately 180 employees or 16% of the staff.

RESTAURANT EMPLOYEES

In the restaurant, which does not open to the public for three meals, the staff employed are on three different bases—

- A. Full time, 8 hours, \$9 per week plus two meals per day, equivalent to \$11.70 per week.
- B. Three quarters time, 6 hours, \$6.75 per week plus two meals per day, equivalent to \$9.45 per week.
- C. Half time, 4 hours, \$5.40 per week, plus one meal per day, equivalent to \$6.75 per week.

BASIS OF PAY FOR EMPLOYEES OTHER THAN RESTAURANT AND PART TIME—

Prior to January 1934 the employees in a number of the departments were on a commission basis with a drawing account, but since that date, with the exception of two outside interior decorators who get 6% of regular sales and 2% of sales obtained by tender, and one salesman for the Contract Department who gets \$40 per week plus 1% of all sales, plus \$20 per month car allowance, all employees are now on a straight weekly rate basis, but in addition there is a bonus plan whereby if a department reaches a certain quota of sales set by the Comptroller, each employee in the Department receives a bonus of \$5 for that month. This bonus plan as indicated does not apply to individual employees but to departments as a whole.

The Store Comptroller establishes the quotas for the Departments and they are based on the monthly budget prepared at the beginning of the season by each department head, and take into consideration also the budgeted selling expense. Generally speaking the quota set would be in excess of the budgeted sales by an amount which, at 3% would yield the bonus payable to the Department. For example if there were five employees in the department the bonus would amount to \$25, and in order to earn this bonus the budget would be set at probably \$833 in excess of the sales budgeted by the department head, 3% of this amount being \$25. There are instances, however, where consideration is given to special circumstances affecting individual departments and where, because of this, the quota is set at the same amount or even in some instances at a lesser amount than the budgeted sales.

By Mr. Sommerville:

Q. That is, only if the whole department earns the bonus?—A. Yes, the bonus is applicable to the department as a whole.

Q. If the individual exceeds his quota he does not get a bonus?—A. So far as I know we do not set quotas for the individual employees, only for the departments.

In the year ending 31st January 1933 the amount paid out in bonuses under this plan amounted to approximately \$7,500, and for the year ended 31st January 1934 the amount was approximately \$6,000.

In addition to this bonus plan competitive prizes are continually being offered in connection with the various special sales and events throughout the year. These competitive arrangements are of a varied character and the amounts given in prizes would amount to from \$2,000 to \$3,000 per year.

There is also a managers' bonus scheme, the present arrangement being that the manager receives $2\frac{1}{2}\%$ of net profits in his department and in certain non-selling departments the manager is granted a bonus in recognition of special performance, such as unusual savings of expense, etc.

Up to 1930 all overtime was paid for at the regular salary rates except in the case of men earning over \$35 per week. In 1930 payment of overtime to men was discontinued and in May 1934 a new regulation has been issued whereby instead of receiving payment female help who have worked overtime will be compensated by being given time off during a morning within a few days after the overtime has been worked.

PENSIONS—

There are no pension arrangements for the department store end of the business but some five or six employees are receiving pensions granted to them a considerable time ago. Various contributory pension or insurance schemes have been considered for the department store employees but a decision has not yet been reached as to which would be most suitable. The Company has, however, a pension arrangement in connection with their fur trade department, which is non-contributory and the arrangements for which are all under control of the Head Office of the Company in London, England. Pensions paid in Canada are charged in the expenses of the Canadian Committee office and not against the Stores Department.

By Mr. Kennedy (Winnipeg):

Q. Before going into holidays, referring back under your heading salary adjustment?—A. Yes.

Q. In 1933 when the minimum wage act was changed it showed a reduction of ten per cent in rates, namely from \$12 to \$10.80?—A. Yes.

Q. And the reduction of the rates on each one of the employees was really a revision to accord with the Minimum Wage rates?—A. Yes, that is, those who had been receiving the minimum wage of \$12 a week were reduced under the new minimum wage rate to \$10.80.

Q. Following the revision of the minimum wage act in Manitoba?—A. Yes.

Q. Approximately how many employees did that affect?—A. I think that will be shown when I refer later on to the schedules, I have some tabulations showing that.

Q. Have you got it handy there—well, if not we can have it later?—A. On the 25th March, 1933, there were 104 employees receiving \$12 per week.

Q. At what date?—A. In the week ending the 25th March, 1933.

Q. Was that when the reduction in the minimum wage rate went into effect?—A. It went into effect in March 1933.

Q. And the classes it affected were the cashiers, wrappers and marking room?—A. Yes.

Q. And this was the first time the rates of the employees in this group had been reduced?—A. Yes.

Q. It is obviously a reduction too to the change in the Minimum Wage law?—A. I think there is no doubt about that.

Q. All right.

By Mr. Sommerville:

Q. That rate is still operative?—A. Still operative, until September of this year.

Q. Yes?—A. It was put into effect for twelve months, and then extended to another six months.

Q. Yes?—A. Dealing with holidays:

The WITNESS: Holidays.

For a number of years up till 1933 employees with two years continuous service prior to 1st May or June received two weeks holidays with pay and employees with one year's service received one week.

In 1933 this was changed so that employees below the grade of managers or executives received only one week, but at the same time it was arranged that each employee get two mornings off (from 9 a.m. till 11.30 a.m.) each month during June, July, August and September.

This arrangement was again changed by circular dated 29th March, 1934, instructing that:—

- (a) Any employee on continuous service prior to 1st June 1931 receive two weeks with pay.
- (b) Any employee engaged since 1st June 1931 but previous to 1st June 1933 received one week with pay.

Benefits Extended to Employees.

Employees are allowed a discount of 5 per cent on purchases of groceries and 10 per cent on dry goods. Up to 1st January, 1932, the rate allowed on dry goods was 15 per cent. The amount of such discounts for the Winnipeg store for the years ended 31st January, 1934 and 31st January 1933 were respectively \$37,366 and \$40,778.

A social and welfare club (the Beaver Club) is also operated on a contributory basis, that is, employees who desire to become members of the club donate a certain amount, one-third of which is used for social and sport activities, the remaining two-thirds being used for welfare. The Company donates free use of the club building and also donates towards the fund the same amount as is donated by employees for welfare account, i.e., two-thirds of the total dues. For the year ended 31st January, 1933, the company's donation on this account amounted to \$5,881.50, and for the year ending 31st January 1934 it was \$4,960.69. The company contributes 25 per cent of the cost of drugs and supplies used in the hospital room which it maintains.

Employees are permitted to purchase clothing and similar articles on the instalment plan, the payments being deducted from their wages. Employees also receive 5 per cent interest on money left with the company on savings deposit account.

By Mr. Sommerville:

Q. By employees?—A. Yes.

Q. It does not take moneys from others?—A. No.

By Mr. Kennedy (Winnipeg):

Q. Referring back to the item of holidays, I note a change was made under date March 29, 1934?—A. Yes.

Q. Reverting to the usual policy of two weeks' holidays to anyone in the employ prior to the 1st of June, 1931?—A. Yes.

Percentage of Male and Female Employees

From analyses of the payroll of one week in March of each of the years 1930 to 1934 inclusive (schedules W-2 and W-3) the following figures have been extracted showing the number of employees, distinguishing between male and female.

SPECIAL COMMITTEE

Week ending	Male		Female		Total Employees
	No.	Percentage	No.	Percentage	
		%		%	
25th March, 1930.....	633	44.3	797	55.7	1,430
28th March, 1931.....	522	40.6	764	59.4	1,286
26th March, 1932.....	472	41.0	678	59.0	1,150
25th March, 1933.....	407	41.1	584	58.9	991
24th March, 1934.....	434	42.3	592	57.7	1,026

These percentages indicate a decided reduction in the percentage of male employees between 1930 and 1931 with a gradual increase in the percentage from 1931 to 1934, although not yet reaching the same level as in 1930. The net reductions from 1930 to 1934 represent the following percentages.

	Per cent.
Male.....	31.4
Female.....	25.7
Total.....	28.2

By Mr. Sommerville:

Q. You had a reduction of 4 per cent in the numbers of the men?—
A. There was a reduction in the male employees from 1930 to 1934 and a corresponding increase, of course, in female employees.

Part Time Employees

The following summary of part time employees was taken from analyses of the payroll of one week during March in each of the years 1930 to 1934 inclusive (schedules W-2 and W-3).

Week ending	Male			Female			Percentage to total female employees
	Selling	Non-selling	Total	Selling	Non-selling	Total	
25th March, 1930.....	4	2	6	65	39	104	% 13.0
28th March, 1931.....		1	1	70	31	101	13.2
26th March, 1932.....				89	7	96	14.1
25th March, 1933.....	4		4	60	23	83	14.2
24th March, 1934.....	7		7	69	28	97	16.4

From this it will be seen that the number of part-time male employees is insignificant while the percentage of female employees on a part-time basis shows a steady increase in the last five years, although decreasing in numbers.

By Mr. Kennedy (Peace River):

Q. I notice this covers the period from 1930 to 1934?—A. Yes.
Q. Was this the practice before then?—A. We did not examine further back but I have no reason to believe it was otherwise. I think you will find from this that the percentage of part-time employees has been increasing, and in that period it has increased from 13 per cent to 16.4 per cent. Although there is a marked decrease in numbers the percentage of part-time employees has increased.

Average Earnings

As an indication of the trend of the average earnings and the total salaries and wage expense, the following figures have been taken from the annual statements of the store. These deal only with average total of employees and with total salaries and wages, as the annual statements do not show these figures distinguishing between male and female and it should be remembered that these amounts include store executives and department managers.

Year ending	Average number of employees	Total salaries and wages	Average annual salary
		\$	\$
31st January, 1927.....	735	905,638	1,232
31st January, 1928.....	1,469	1,674,218	1,139
31st January, 1929.....	1,801	1,850,837	1,027
31st January, 1930.....	1,778	1,797,041	1,011
31st January, 1931.....	1,367	1,532,177	1,121
31st January, 1932.....	1,336	1,401,193	1,049
31st January, 1933.....	1,264	1,209,578	957
31st January, 1934.....	1,161	1,083,089	932

From the foregoing it will be noted that the peak of employment, both in number and total cost, was in 1929; that from this date to January 31, 1934, there has been a reduction of 640 employees or approximately 35 per cent, a reduction of payroll amounting to \$768,000 or approximately 41·5 per cent, and a reduction of the average annual rate of \$95 or approximately 9·2 per cent. The marked increase from 1927 to 1929 was due largely to the opening of the new store building late in 1926 and a consequent expansion of business.

By Mr. Sommerville:

Q. It has declined from \$1,232 in 1927 to \$932 as of January 31, 1934?—
A. Yes.

By Mr. Kennedy (Winnipeg):

Q. And in that figure you have computed the average of all employees?—
A. Store executives and department managers.

Q. Have you separated them?—A. No, I have not at this point. I have later a tabulation.

By Mr. Sommerville:

Q. And this includes both male and female employees?—A. It includes all employees.

Q. That is a \$300 decrease in the average earnings of the employees?—A. Yes; there has been a reduction of 640 employees or approximately 35 per cent. This was taken from the peak in 1929, and there has been a reduction of payroll amounting to \$768,000 or approximately 41·5 per cent, and a reduction of the average annual rate of \$95 or approximately 9·2 per cent.

By Mr. Kennedy (Winnipeg):

Q. What do you mean when you say "of the average annual rate of \$95"?—A. The average rate in the year ending January 31, 1929, was \$1,027. I am taking 1929 because that was the peak both in numbers and total salary. That is a reduction of \$95.

By Mr. Heaps:

Q. The peak of wages really was 1927 in the amount received?—A. As far as the average annual salary is concerned.

Q. And it has been gradually reduced from 1927 down to 1934?—A. The average, yes sir. The figures are taken as of 1929 because at that date they had the largest number of employees and the largest total payroll.

By Mr. Kennedy (Winnipeg):

Q. With the salaries of department managers and executives included in that average annual salary on this schedule, showing the average annual salary at January 31, 1934, \$932, it would mean that the average employee would get much less than that?—A. Oh yes. We will show later by tabulation just what the average really is.

Mr. HEAPS: Is it not possible that 1927 is not a fair criterion to take.

Mr. NASH: It is greater on account of expansion, before the opening of the new store.

Mr. HEAPS: You probably had a completely different staff employed in the old store to what you would have in the new store when it opened; you would have a large number of female help whose pay came under the minimum wage regulation.

Mr. KENNEDY (*Winnipeg*): I think Mr. Heaps is right; 1928 would be the best time to take.

The WITNESS: 1929 was the figure I dealt with.

The CHAIRMAN: 1929 is the peak year of great activity and no decline.

Mr. KENNEDY (*Winnipeg*): The average annual salary was \$1,027 as compared with \$932.

The CHAIRMAN: It is pretty nearly 10 per cent.

By Mr. Sommerville:

Q. That is where you get the \$95?—A. Yes.

By the Chairman:

Q. And the 9·2 per cent?—A. Yes.

By Mr. Young:

Q. That is a reduction of 9·2 per cent in the average earnings. Did that correspond with a similar reduction in the cost of living?—A. I cannot say, sir, what the cost of living was.

The CHAIRMAN: The cost of living rate was lower.

Mr. YOUNG: They are really better off than they were before.

Mr. HEAPS: Those who were put out of a job were not better off.

The WITNESS: *Number of Employees.*

From an analysis of the payroll for one week in March of each of the years 1930 to 1934 inclusive (schedules W-2 and W-3) the following tabulation of the number of employees has been prepared showing the non-selling, selling and executive staff and distinguishing between male and female and between regular and part-time:—

—	1930	1931	1932	1933	1934	Reduction since 1930	
						Num-ber	Per-centage
Non-Selling—							
Male—Regular.....	479	391	353	296	315	164	34.2
Part-time.....	2	1				2	100.0
Female—Regular.....	371	360	314	250	243	128	34.5
Part-time.....	39	31	7	23	28	11	28.2
Total Non-selling.....	891	783	674	569	586	305	34.2
Percentage of Total excluding Executives...	62.3	60.8	58.6	57.4	57.1	75.4	
Selling—							
Male—Regular.....	148	130	119	107	112	36	24.3
Part-time.....	4			4	7	3	75.0
Female—Regular.....	322	303	268	251	252	70	21.7
Part-time.....	65	70	89	60	69	4	6.2
Total Non-selling.....	539	503	476	422	440	99	18.3
Percentage of Total excluding Executives...	37.7	39.2	41.4	42.6	42.9	24.6	
Total—							
Male—Regular.....	627	521	472	403	427	200	31.9
Part-time.....	6	1		4	7	1	16.6
Female—Regular.....	693	663	582	501	495	198	28.6
Part-time.....	104	101	96	83	97	7	6.7
Total Selling and Non-Selling.....	1,430	1,286	1,150	991	1,026	404	28.2
Executives and Managers.....	76	67	64	59	60	16	21.0
	1,506	1,353	1,214	1,050	1,086	420	27.8

This tabulation indicates that from 1930 to 1934 the percentage of non-selling staff to the total, exclusive of executives and managers, has been steadily decreasing, the percentage of selling staff having, of course, correspondingly increased. It may be noted that the percentage of reduction in non-selling staff from 1930 to 1934 was 32.2 per cent as against a reduction in selling staff of 18.3 per cent or, stated in another way, of the total reduction of 404 employees, 305 employees, or 75.4 per cent, were in the non-selling departments. It may also be interesting to note that the reduction in the number of executives and managers was 21 per cent as compared to 18.3 per cent reduction in selling staff and 34.2 per cent reduction in non-selling staff.

By Mr. Sommerville:

Q. Is not this one of the features of large departmental store merchandising that has added largely to the expenses, the proportion of non-selling staff that is required as compared with selling staff? Take in the year 1930, the selling staff consisted of 37 per cent of employees?—A. Yes.

Q. And the non-selling staff consisted of 62 per cent?—A. Yes.

Q. And in 1931 39 per cent were selling staff?—A. Yes.

Q. And 60 per cent non-selling?—A. Yes.

Q. And in 1932 41 per cent were selling?—A. Yes.

Q. And 58 per cent non-selling?—A. Yes.

Q. And in 1933 42 per cent were selling?—A. Yes.

Q. And 57 per cent non-selling?—A. Yes.

Q. And in 1934 42 per cent were selling?—A. Yes.

Q. And 57 per cent non-selling?—A. Yes.

Mr. YOUNG: Of course it would depend on what the non-selling staff were doing. Those working in the restaurant would not be selling.

Mr. SOMMERVILLE: Others would be delivery clerks.

The WITNESS: Wrappers, marking room and elevator operators.

By Mr. Sommerville:

Q. And store-keepers, warehousemen and porters?—A. Yes, all those who were connected with the office, really everyone except the actual people in the departments selling goods.

Schedules W-2 and W-3 also indicate the average rate in each of the weeks covered and in March 1934 as compared to March 1930 the average wage rate had changed as follows:

Selling—

Regular staff.....Male....reduction....	\$ 5.77 or 21.3%
Part-time employeesMale....reduction....	0.44 or 2.6%
Regular staff.....Female..reduction....	1.91 or 12.7%
Part-time employeesFemale..reduction....	0.43 or 3.8%

Non-Selling—

Regular staff.....Male....reduction....	\$ 3.48 or 14.6%
Regular staff.....Female..reduction....	1.50 or 10.0%
Part-time staff.....Female..reduction....	2.15 or 17.4%

The Minimum Wage Act in the province of Manitoba so far as it concerns department stores applies only to female help, and until March, 1933, the minimum wage for inexperienced employees eighteen years or over was \$12 per week. In March, 1933, the Minimum Wage Board authorized a reduction of 10 per cent, to \$10.80 for a period of one year, and in March, 1934, this period was extended for another six months to September, 1934. Specific rates are also stated for adult learners and for minors and, as previously stated, it was found, after investigation, that all employees receiving less than the minimum wage of \$10.80 were found to fall within the class of learners or minors.

From Schedule W-2 it will be noted that of the regular female selling staff comparatively few are at present receiving only the minimum wage or less. Much the larger number of these employees are receiving \$12 per week and most of the remainder are at rates varying from \$12 to \$20 per week, the latter being the highest rate paid to any of the regular female selling staff (exclusive of departmental manageresses).

Schedule W-3 indicates that of the regular female non-selling staff the largest percentage are in receipt of the present minimum wage rate of \$10.80, the next largest percentage being in receipt of the old minimum wage rate of \$12. The remainder (with the exception of comparatively few inexperienced learners who are receiving less than \$10.80 a week) are at various rates from \$12 to \$30 per week.

By Mr. Sommerville:

Q. That schedule shows how many were covered in that reduction.

The CHAIRMAN: That is an analysis by rates.

The WITNESS: Regular female employees in March, 1934, 43 were receiving \$12 per week and 61 were receiving the minimum rate of \$10.80, which was the minimum wage at that time, and that minimum wage change must have gone into effect before the 25th March because I note at that date that 64 were receiving \$10.80 and 37 were receiving \$12. If you take back one year further, we find 117 were receiving \$12, which was the minimum rate at that time.

By Mr. Heaps:

Q. Do you say 63 were getting from \$12 to \$10.80?—A. There were 64 getting \$10.80. Those presumably had been brought down from the other rate.

By Mr. Heaps:

Q. The company was saving about \$80 or slightly less than \$80 a week?—
A. Yes.

By Mr. Sommerville:

Q. Prior to 25th March, 1933, there were none receiving \$10.80?—A. None receiving \$10.80.

Q. And there were 117 receiving \$12?—A. Yes.

Q. After the reduction, 64 were receiving \$10.80 and 37 were receiving \$12?—A. Yes.

Mr. HEAPS: \$76.80 a week saved.

By Mr. Kennedy (Winnipeg):

Q. From your investigations, what would you say as to compliance by the concern with the minimum wage laws?—A. We investigated all cases that were receiving rates less than the minimum wage rate. In each case they were learners or apprentices whom they were permitted to pay at a lesser rate.

Q. There was no indication of any breach of the act?—A. None whatever.

By Mr. Sommerville:

Q. Will you continue?—A. Yes.

The reason for the larger number of employees in the non-selling staff receiving only the minimum wage is that, as previously stated, when new employees are engaged the first work they are given is of the non-selling variety, i.e., cashiers, wrappers or marking-room. There are more receiving the minimum wage on the non-selling staff than on the selling staff, and that is the reason for that.

There is no regulation of the Minimum Wage Board at present applying to male employees in Department Stores but from Schedule W-2 it will be noted that in March 1934, of 112 employees on the regular male *selling* staff 24 were receiving less than \$18 per week, the remainder being at rates ranging upwards from this and 19 employees were receiving salaries in excess of \$25 per week. It is understood that as a general rule married men receive a higher rate by possibly \$2 per week than single men and in putting reductions into effect married men were not reduced below the rate of \$20.

In the case of the *non-selling* regular male staff which numbered 315 in March 1934, 105 were receiving less than \$18 per week; 35 were receiving \$18; 16 were receiving \$19; 20 were receiving \$20; 29 were receiving \$21; 21 were receiving \$25 and the remainder were at various rates from \$22 to \$50 inclusive.

I have dealt with the rates of pay and dealt with the actual earnings of the employees. We took a certain selected number of departments and made an analysis of the actual amount paid, as shown on Schedules W-4 and W-5. This schedule shows, for each of the dates and for each of the departments selected, the number of employees, distinguishing between male and female; the highest rate for each class of employee; earnings for that week, including commissions or bonuses. The schedule also shows the payment and the hours for overtime, part-time, bonuses paid and the amount paid to extra staff.

Q. This is for the month, is it?—A. That is for that week, the week ending on the date shown in the schedule. We selected four different weeks throughout the past twelve or fourteen months.

Q. Take the silk department. For four weeks you show the payments to four different persons?—A. In the first week, ending the 6th of May, there were four persons in that department. The highest rate paid was \$16, the lowest rate paid was \$13 and the average of the four was \$14.50. The total amount paid to the four employees was \$58.

Q. And \$57 the following week?—A. Yes \$57, and the other week we selected, \$59 and \$57.40.

Q. Take staples?—A. In staples there were four male employees and three female employees. The highest rate for males was \$35; the lowest rate for males, \$18, and the average rate, \$24.75. The total paid to the four employees for the week was \$99. For the females, the highest rate was \$13, the lowest, \$12 and the average \$12.33. The total for the three female employees was \$37 in that week.

Q. Take the men's clothing department farther down?—A. Men's clothing—it is all male employees.

Q. All male employees?—A. Yes, five male employees. The highest rate was \$30, the lowest was \$18 and the average rate was \$24.40. The total pay for all five employees for the week was \$122.

Q. This shows the total amount realized by the employees for that time?—A. Yes. From that schedule I have made a computation of certain figures which I can quote now, showing the total amount of remuneration, including overtime, bonuses and commissions, but not including the value of meals.

	Selling Staff	Non-selling Staff
From the totals shown on Schedules W-4 and W-5 it has been computed that the total amount actually paid to <i>Male</i> employees in the departments tested, full-time and part-time (including overtime, bonuses and commissions, but excluding the value of meals received by the staff and excluding payments to extra staff), averaged for those departments listed.....	49·2c. per hr. \$23 62 per wk.	37·09c. per hr. \$17 80 per wk.
or, for a forty-eight hour week.....		
The amounts actually earned by <i>female</i> employees, including the same factors, averaged.....	28·6c. per hr. \$13 73 per wk.	26·8c. per hr. \$12 86 per wk.
or.....		

While it will be noted that a number of the full-time female staff appear to have earned less than the minimum wage rate of \$10.80, all such cases have been investigated and in every instance it was found that they were inexperienced learners who were only entitled to a lower rate until they qualified for the experienced rate.

It may also be noted that the total amount paid to the selling staff for the four weeks examined, (\$10,787.35), was made up of—

		%
Regular salaries—full-time staff.....	\$ 7,409 30	68·7
Overtime.....	110 05	1·0
Part-time.....	1,891 44	17·5
Bonuses.....	211 00	1·9
Commissions.....	88 86	0·9
Extra staff.....	1,076 70	10·0
	<u>\$ 10,787 35</u>	<u>100·0</u>

ANALYSIS OF RATES PAID EXECUTIVES AND DEPARTMENT MANAGERS—

On Schedule W-6 is shown a summary indicating the number of store Executives on the salary roll in March of the years 1930-1934 inclusive, the total amount paid to Executives for the month and the average salary for the month. From this summary it will be noted that from 1930-1934 there was a reduction of 21 per cent in the number of Executives, a reduction of 32·7 per cent in the total monthly salaries paid to Executives and the average monthly salary was reduced by 14·8 per cent.

By Mr. Kennedy (Winnipeg):

Q. That average monthly salary varied from \$375.79 in March of 1930 to \$320.17 in March, 1934?—A. Yes.

Mr. KENNEDY (*Peace River*): That average of 76 different salaries does not mean a great deal. Is there any great spread in the salaries from top to bottom?

The CHAIRMAN: These are all there.

Mr. KENNEDY: Yes, 76 gives an average of \$375.79.

The WITNESS: What you have in mind is indicated by the other part of the schedule showing the number at the various rates.

The CHAIRMAN: W-6, showing each member and the rate from \$40 up to \$1,000 a month. Everyone is classified there.

Mr. KENNEDY (*Peace River*): Oh, yes.

By the Chairman:

Q. Will you continue?—A. We have a short summary on the Calgary, Edmonton and Vancouver wages. There are no schedules printed for this. Dealing with Calgary,—

Hours of Work—

The full working week consists of 44 hours whereas the Minimum Wage Act permits a week of 52 hours. Overtime is paid for at the same rate as the general wage.

Wages Paid—

An examination was made of the payroll for the week ended 21st April 1934, and also of the earnings by the same employees for the year ending 31st December 1933.

In the week ending 21st April 1934 out of a total of 506 persons who received pay, 294 were paid at the rate of \$12.50 or more per week. The 212 who received less than this wage were employed temporarily or were apprentices.

Q. That is a very large percentage, is it not?—A. It seems larger than Winnipeg.

Q. Did you ascertain the reason for such a large percentage below the minimum wage rate?—A. The minimum wage rate is \$12.50 in Alberta.

Q. They can't account for that by apprentices and temporary help, surely, this average of 50 per cent?—A. Yes. I believe they were all looked into, and they were all either temporary help or apprentices.

Q. Approved by the Minimum Wage Board?—A. They all fell within the requirements of the board.

By Mr. Sommerville:

Q. Employed for certain hours of the day?—A. Yes.

The CHAIRMAN: It looks like rather an extreme number to me, compared with Winnipeg.

By Mr. Sommerville:

Q. 212 out of 506 temporary employees; and in Winnipeg there were how many?—A. The total part-time male in 1934 were 7, and female 97. That is 104 out of 1,000.

Q. 104 out of 1,000 in Winnipeg were temporary employees?—A. Yes.

Q. Whereas in Calgary 212 out of 506 were temporary employees?—A. Yes.

By the Chairman:

Q. Four times as much?—A. Yes.

Q. That is not very satisfactory. All right, will you proceed?—A.

The total amount paid in wages for the year ending 31st December 1933, exclusive of Executive and Department Managers, was \$284,341, distributed among 378 sales clerks and others, an average of \$752.00 per annum, or \$14.46 per week.

In 1933 salaries paid to officials and department managers ranged from \$1,800 to \$8,400 per annum, the average for 29 officials being \$3,370.

By Mr. Sommerville:

Q. That is in the Calgary store?—A. Yes.

By the Chairman:

Q. Have you got an average comparable with the total average in Winnipeg like what you gave a moment ago, executives and employees?—A. Well, the average for 29 officials at Calgary was \$3,370.

Q. That is not what I want. We will have to put the two together. There is \$284,000, and the executives were—A. The average of the Winnipeg executives is shown in Schedule W-6.

Q. But for Winnipeg you showed an average over all of \$932 a year, in a list from 1927 down. Have you got a similar list for Calgary?—A. No, I have not.

Q. Just a minute; we can soon get it. There is \$284,341 an average of \$14.46. What was the total paid to department managers and the balance of that?

Mr. SOMMERVILLE: 29 officials, at \$3,370, average.

The CHAIRMAN: No, that is the average yearly for that. No, you have not got it.

The WITNESS: That would be \$97,730 for the 29 officials.

By the Chairman:

Q. There are some still not in it. You only have 378 out of 506?—A. Yes.

Q. Have you got the total pay-roll, the executives and all?—A. That 506 was at a certain date in April.

Mr. NASH: April, 1934.

The CHAIRMAN: Well, obviously it is out of line with the Winnipeg store. That is clear.

Mr. NASH: An average of \$752 and average of \$932.

The CHAIRMAN: No, that \$752 is a lower class, a lower category.

Mr. NASH: \$932 includes the officials.

The CHAIRMAN: However, it is substantially lower than Winnipeg, as evidenced by the number below the minimum wage standard. We won't worry about it; go ahead.

The WITNESS: The average for the officials themselves is lower in Calgary than it is in Winnipeg.

The CHAIRMAN: Separately?

The WITNESS: Yes.

The CHAIRMAN: I was trying to get the whole.

The WITNESS: A study was also made covering a period of five years of the rates of wages paid to a representative group of employees distinguishing between male and female. The results of this study may be summarized as follows:—

	Male		Female	
	Number of employees	Average wage rate	Number of employees	Average wage rate
		\$		\$
1929.....	11	26.92	21	16.64
1930.....	12	26.51	26	16.35
1931.....	13	23.07	30	15.23
1932.....	14	20.94	31	14.32
1933.....	14	20.80	31	14.68
Net reduction between 1929 and 1933.....		22.7% _c		9.3% _c

Now, dealing with Edmonton, we found the following:—

EDMONTON

Hours of Work—

The working week consists of 44 hours and overtime is paid for at the same rate as the general wage.

Wages Paid—

A scrutiny was made of the payroll for the week ending 28th April 1934 and also of the total wages paid to the same employees for the year ending 31st December 1933.

In the week ending 28th April 1934, 89 office employees received \$1,533.70, or an average of \$17.23 each, and 178 sales clerks earned a total of \$2,750.27, or \$15.45 each. Wages of temporary help amounted to \$627.17.

The average annual salary of 31 officials based on a whole year's service was \$2,387, the salaries of these officials ranging \$5,980 to \$1,200.

By the Chairman:

Q. How many were there in this temporary help who received \$627.17?—

A. I cannot say as to that, sir.

Q. You have not those figures?—A. I do not believe I have those figures.

Q. If you have not them at hand, never mind.

A scrutiny was also made of the rates paid to a representative group of employees during the past five years, distinguishing between male and female. The result of this test indicates that during the past five years the average rates of pay for male and female employees were as follows—

	Male		Female	
	Number of employees	Average wage rate	Number of employees	Average wage rate
1929.....	12	23.21	19	16.00
1930.....	16	23.22	21	17.00
1931.....	14	20.28	23	15.85
1932.....	14	18.36	23	14.63
1933.....	14	18.33	23	15.07
Net reduction between 1929 and 1933.....		21.0% _c		5.8% _c

The reduction in the male employees between those two dates was 21 per cent and the reduction in the average rate of the female employees was 5.8 per cent.

By Mr. Sommerville:

Q. In Alberta, the Minimum Wage law requires a payment of \$15 per week, does it not?—A. \$12.50.

Q. In Alberta?—A. Yes.

Q. Which is the province that has the \$14 rate?

Mr. YOUNG: Saskatchewan, I think.

The WITNESS: \$12.50 in Alberta.

COMPLIANCE WITH MINIMUM WAGE REGULATIONS—

The investigation did not reveal any infringement of the Minimum Wage Act in either the Calgary or Edmonton Stores and, if anything, the tendency seemed to be to exceed the minimum requirements of the Act.

VANCOUVER

At this store a scrutiny was made of the payroll for the week ending 28th January 1933 and also that for the week ending 27th January 1934 but distinction was not made between Male and Female employees.

In summarized form, the results of this investigation indicate the following average wages, exclusive of Executive and Department Managers but including temporary help—

	Week ending 28th January 1933	Week ending 27th January 1934
Selling Staff.....	\$16.34	\$16.38
Non Selling Staff.....	18.05	18.49
Total.....	17.54	17.26

By Mr. Sommerville:

Q. That includes both male and female?—A. That includes all, both male and female.

A summary of the payroll for the week ending 27th January 1934 was also made showing for each department the high rate, the low rate and the average rate. Briefly stated, this analysis indicates that the high departmental rate ranged from \$50.00 to \$12.00, the low rate from \$40.00 to \$10.00, and the average from \$40.00 to \$10.49.

The CHAIRMAN: The minimum rate there is \$12.50?

The WITNESS: I have not the regulations for Vancouver.

Mr. NASH: \$12, I think.

The CHAIRMAN: It looks as if there were a substantial number below the minimum rate there.

Mr. NASH: We have that; we gave that.

Mr. SOMMERVILLE: I think that is already in. My recollection is there was a ten per cent reduction allowed in British Columbia, was there not?

Mr. NASH: Yes, we did put that in, Mr. Chairman in regard to the Woodward and Spencer stores. The minimum wage officer stated none of the three stores in Vancouver had in any way infringed upon the Minimum Wage law.

The CHAIRMAN: Yes.

A scrutiny was also made of the amount of salaries and bonuses paid to Directors and Department Managers in 1932, 1933 and 1934, the results of which are shown in the following summary:—

	1932		1933		1934	
	No. of employ-ees	Average of salary and bonus for the year	No. of employ-ees	Average of salary and bonus for the year	No. of employ-ees	Average of salary and bonus for the year
		\$ cts.		\$ cts.		\$ cts.
Executives.....	14	5,174 64	12	5,026 25	12	5,650 58
Department managers.....	36	4,225 61	29	4,300 76	30	3,947 00
Total.....	50	4,491 34	41	4,513 09	42	4,433 73

Mr. KENNEDY (*Peace River*): Have you the top and the bottom of those salaries?

Mr. NASH: From \$1,500 to \$10,000.

Mr. KENNEDY (*Peace River*): What about the department managers?

Mr. NASH: That is what they call department managers.

Mr. KENNEDY (*Peace River*): What about executives?

The CHAIRMAN: That includes both.

Mr. NASH: There is only one executive.

The CHAIRMAN: He is included in the list.

Mr. NASH: He is included in this schedule.

The WITNESS:

The bonuses paid and which are included in the above averages were as follows—

Year ending 31st January 1932.....	\$ 2,192
Year ending 31st January 1933.....	2,212
Year ending 31st January 1934.....	16,364

Bonuses to the senior Executives and to Department Managers are, generally speaking, computed at $2\frac{1}{2}\%$ of net profits.

Mr. SOMMERVILLE: Now, let us have the memorandum covering the price spreads, and that will conclude the Hudson Bay memorandum.

The CHAIRMAN: That is not in the schedule already in?

The WITNESS: No, it is separate. In connection with price spreads, we have printed four statements in the front, which are summarized. We had printed samples of the price spreads. We had additional statements showing operating results in each department for the past year and also for five years in comparative form, which we have printed. We can refer to those figures as we go along.

STATEMENT D-1

HUDSON'S BAY COMPANY
(Winnipeg Store)
SUMMARY OF DEPARTMENT STATEMENTS NOS. 1 AND 2

Department No.		Merchandise Handled	Examples of					
			Number of Orders Listed on Statements	Approximate Amount of Orders Listed	Approximate Percentage of Orders Listed to Total Purchases in 1933-1934	Number of Examples of Shipments on Statements	Range of Initial Mark-up as shown on Statements	
							High	Low
1	220	Furniture—Living Room, Dining Room, Kitchen and Bedroom Suites and individual pieces.	32	\$ 28,000	% 20	46	% 144.3	% 10.9
2	180	Clothing—Men's suits, overcoats, topcoats and other sundry outer wearing apparel.	45	54,000	44	53	Suits 75.6 Coats 65.7 Sundries 83.3	43.1 48.2 32.9
3	185	Clothing—Boys' suits, overcoats, topcoats and other sundry outer wearing apparel.	29	18,000	40	36	Suits 64.4 Coats 70.2 Sundries 82.5	46.8 44.0 9.3
4	860	Clothing—Cheaper grades of Men's and Boys' suits, overcoats, topcoats, overalls and sundry other outer wearing apparel.	34	42,000	48	52	Suits 60.9 Coats 65.9 Sundries 71.7	35.2 47.8 2.92
5	140	Clothing—Women's Coats and Suits...	38	14,800	21	43	Suits 151.11 Coats 129.89	65.93 46.51
6	145	Clothing—Women's Dresses and Suits.	30	12,000	14	33	134.7	33.8
7	150	Clothing—Women's Knitted and Other Sportswear.	36	10,000	16	41	145.6	34.2
8	830	Clothing—Cheaper Grades of Women's Coats and Dresses.	25	21,000	25	46	Dresses 106.8 Coats 89.5	24.3 26.0
9	850	Clothing—Cheaper Grades of Women's Dresses and Underwear.	30	20,000	30	41	198.9	25.9
10	210	Shoes—Men's and Boys' boots, oxfords, slippers, rubbers, etc.	37	17,200	35	60	103.7	23.4
11	215	Shoes—Women's and Misses' shoes, slippers, rubbers, etc.	46	36,300	33	53	86.5	24.5
12	870	Shoes—Cheaper Grades of Men's, Women's, Misses' and Boys' shoes, slippers, rubbers, overshoes, etc.	44	35,100	35	61	Men's 85.9 Women's 103.3	7.7 5.57
13	287	Electrical Appliances—Washing Machines.	14	18,000	83	14	102.72	34.77
14	290	Wallpaper—Hangings, Borders and Ceilings.	7	800	5	13	268.63	10.34
15	115	Drugs—Patent Medicines and Toiletries		6,000	3	37	82.00	14.20
16	300	Grocery					Regular 70.07	20.48
		General Groceries.....	13	24,600	3.5	14	Regular 62.45 Lowest 42.86	19.05 24.80
17	305	Groceteria					100.00	10.00
18	310	Meateteria						
		Sundry meats, poultry and and fish.....	25	2,200	7.0	30	166.00	12.00
19	330	Meats and Provisions					105.2	42.00
		Carcass Meats.....	12			12		

(1) Gross Profit, including Discounts received, but before Workroom Wages and Expenses and Buying Charges.
(2) Net Gross Profit, including Discounts received and after Workroom Wages and Expenses, but before Buying Charges.
(3) Net Gross Profit, excluding Discounts received and after Workroom Wages and Expenses and Buying Charges.
Losses are shown in black type.

HUDSON'S BAY COMPANY

(Winnipeg Store)

SUMMARY OF DEPARTMENT STATEMENTS NOS. 1 AND 2

Price Spread		Department Operating Statements for Year ended 31st January, 1934								
Special Allowances Received		(1) Gross Profit		(2) Net Gross Profit		(3) Net Gross Profit per Company's Records		Net Profit or Loss per Company's Records	Work-room Wages and Expenses	Buying Office Charges and Discounts
Type	Amount	Amount	Per-centage to Cost	Amount	Per-centage to Cost	Amount	Per-centage to Cost			
Advertising	\$ cts. 500 00	\$ 61,386	42.0	\$ 56,452	37.37	\$ 55,186	36.23	\$ 31,447	\$ 4,934	\$ 1,266 1
.....		61,811	45.30	54,763	38.17	52,909	36.40	1,973	7,048	1,854 2
.....		18,262	43.39	16,309	37.03	15,738	35.28	3,644	1,953	571 3
.....		37,924	43.49	33,823	37.04	32,894	35.66	2,749	4,101	929 4
.....		40,816	59.52	40,494	58.77	39,433	56.36	914	522	1,061 5
.....		32,777	36.51	32,583	36.22	31,498	34.59	20,871	194	1,085 6
.....		29,158	45.74	29,031	45.45	28,153	43.48	3,453	127	878 7
.....		32,530	38.05	31,573	36.52	30,541	34.91	1,699	957	1,032 8
.....		28,389	45.69	28,389	45.69	27,150	42.83	546	.....	1,239 9
.....		22,889	48.79	22,889	48.79	21,980	45.96	939	.....	909 10
Advertising	599 00	49,435	48.69	49,435	48.69	47,671	46.15	6,075	.....	1,764 11
.....		33,013	39.26	33,013	39.26	31,447	36.71	4,702	.....	1,566 12
.....		7,683	34.13	7,683	34.13	7,432	32.65	3,467	.....	251 13
.....		8,990	64.70	8,990	64.70	8,120	54.99	2,550	.....	870 14
Advertising	1,418 00	86,135	36.76	84,293	35.69	79,407	32.94	3,020	1,842	4,886 15
Demonstration	7,441 77									
Confidential	1,257 68	73,629	24.58	73,629	24.58	72,450	24.09	7,048	.....	1,179 16
Advertising	1,490 00									
Demonstration	57 52									
Confidential	2,073 18	66,120	14.8	66,120	14.8	66,120	14.8	16,522	.....	..... 17
.....		14,799	36.59	14,799	36.59	14,799	36.59	101	.....	..... 18
.....		106,739	40.75	96,127	35.27	96,127	35.27	20,971	10,612	..... 19

HUDSON'S BAY COMPANY--VANCOUVER STORE

SUMMARY OF DEPARTMENTAL STATEMENTS

SPECIAL COMMITTEE

Department Operating Statements for year ending 31st January, 1934															
Examples of Price Spread															
Department Number	Merchandise Handled	Number of Orders Listed on Statement	Approximate amount of Orders listed	Approximate percentage of Orders to total Purchases in 1933-34	Number of Examples of Shipments on Statements	Range of Initial Mark-Up as shown on Statement		(1) Gross Profit		(2) Net Gross Profit		(3) Net Profit per Company's Records	Net Profit or Loss per Com-pany's Records	Work-room Wages and Expenses	Buying office Charges and Discounts
						High	Low	Per centage to Cost	Per centage to Cost	Per centage to Cost	Per centage to Cost				
115	Drugs { Patent Medicines and Sundry Drug Supplies..... } { Toilet Goods..... }	19..... 23.....	..... .....	..... .....	21..... 24.....	115 50 125 00	18 18 20 59	58,208 { 55,424 30,746 }	46.61 53.57 43.36	54,919 52,901 29,179	43.97 51.12 41.26	12,296 8,213 5,566	\$ \$ \$	\$ \$ \$	3,289 2,523 1,567
151 850	Clothing—Ladies' Underwear, etc.... } Cheaper Grades of Ladies' Underwear, etc.... }	16.....	.....	.....	24.....	104.08	8.69	{ 55,424 30,746 }	53.57 43.36	52,901 29,179	51.12 41.26	8,213 5,566	\$ \$ \$	\$ \$ \$	2,523 1,567
145	Clothing—Ladies' Dresses, } Gowns, Suits and Dresses } Coats..... }	26.....	.....	.....	{ Coats 29 Dresses { Suits	119 34 205 42 106 47	67.22 11 07 26 93	40,732 { 40,732 26 93 }	62.25 55.59	36,371 35,219	53.82	1,526	\$ \$ \$	\$ \$ \$	1,152 4,361
830	Clothing—Cheaper Grades of } Ladies' Dresses } and Gowns..... } Dresses }	24.....	.....	.....	25.....	102 30	8 69	34,315	49.58	33,998	48.98	32,973	\$ \$ \$	\$ \$ \$	8,002 317 1,025

220	Furniture—Living Room, Dining Room, Kitchen and Bedroom Suites and individual pieces.....	24	123 46	14 66	60,886	49-11	59,609	48-08	57,690	46-52	800	1,277	1,919
215	Shoes—Women's and Children's.....	24	179 01	33 48	{ 63,742 29,641	51-65 52-94	63,742 29,641	51-65 52-94	61,464	49-80	2,822	.....	2,278
210	Men's.....	24	.....	.....	{ 28,990 28,590	48-28 48-28	28,990 28,590	48-28 48-28	28,495	50-89	3,317	.....	1,146
870	Cheaper Grades.....	24	.....	.....	.....	.....	.....	.....	27,844	46-37	4,855	.....	1,146
180	Clothing—Men's Clothing... } Suits	23	73 87	15 21	69,898	53-08	64,765	49-10	62,719	47-62	3,396	5,133	2,046
880	Clothing—Cheaper Grades of } Coats	21	90 94	26 25	38,073	41-06	34,978	37-72	33,741	36-39	5,620	3,095	1,237
300	Groceries—Butter and Eggs.....	15	31 58	4 00	48,833	34-75	48,833	34-75	48,520	34-53	5,810	.....	313
305	Groceries—Groceries: General.....	21	100 00	5 00	47,144	14-27	47,144	14-27	47,144	14-27	11,595	.....	.....
200	Clothing—Boys' Suits, Coats and Furnishings.....	21	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	888
310	Meatateria.....	21	69 23	32 38	21,723	47-78	21,153	46-53	20,265	44-57	1,634	570	.....
330	Meats and Provisions.....	21	140 00	14 29	{ 51,774 49,898	34-63 35-04	51,774 49,898	34-63 35-04	51,774	34-63	7,952	.....	.....
315	Fruits and Vegetables.....	19	50 00	22 13	19,453	37-03	19,453	37-03	19,450	37-00	1,661	.....	3
275	Electric and Hardware—Washing Machines.....	19	73 46	15 00	45,260	45-52	45,017	45-27	42,972	43-21	9,643	243	2,045

- (1) Gross Profit—including Discounts Received but before Workroom Wages and Expenses and Buying Charges.
 (2) Net Gross Profit—including Discounts Received and after Workroom Wages and Expenses, but before Buying Charges.
 (3) Net Gross Profit—excluding Discounts Received and after Workroom Wages and Expenses and Buying Charges.

HUDSON'S BAY COMPANY—CALGARY STORE
SUMMARY OF DEPARTMENTAL STATEMENTS

Department No.		Examples of Price Spread					Department Operating Statements for year ending 31st January, 1934									
	Merchandise Handled	Number of Orders Listed on Statement	Approximate amount of Orders listed	Approximate percentage of Orders listed to total Purchases in 1933-34	Number of Examples of Shipments on Statements	Range of Initial Mark-Up as shown on Statement		(1) Gross Profit		(2) Net Gross Profit		(3) Net Gross Profit per Company's Records		Net Profit or Loss per Company's Records	Work-room Wages and Expenses	Buying office Charges and Discounts
						High	Low	Per-centage to Cost	Per-centage to Cost	Per-centage to Cost	Per-centage to Cost	Amount	Amount			
115	Drugs—Patent Medicines and Toilet- ries.....	33	1,500	3	35	104.08	20.45	24,915	45.99	24,915	45.99	23,479	43.34	2,197	.....	1,436
145	Clothing—Women's Coats and Dresses	43	8,700	13	50 Dresses Coats	105.88	42.51	37,958	58.42	37,388	57.54	36,442	56.00	2,408	570	946
180	Clothing—Men's Suits, Overcoats, Top-coats and other sundry outer wearing apparel.....	36	20,100	31	47 Two-pant suits Top-coats Over coats... Sundry	92.52	48.87	32,785	47.24	29,906	43.09	29,149	40.25	1,212	2,879	757
185	Clothing—Boys' suits, Overcoats, Top-coats and other sundry outer wearing apparel.....	26	3,100	15	30 Suits Overcoats Sundry	72.44	34.10	8,828	40.97	8,828	40.97	8,578	39.81	2,281	.....	250
220	Furniture, Living Room, Dining Room, Kitchen and Bedroom Suites, and individual pieces.....	25	2,000	6	36	110.71	8.88	13,777	34.32	12,802	31.89	12,574	31.31	15,634	975	228
303	Grocery—General Groceries.....	34	1,700	0.003	35	74.96	0.02	89,233	17.66	89,233	17.66	88,040	17.42	9,995	.....	1,193
330	Meats and Provisions—Carcass Meats, Sundry Meats, Poultry and Fish...	24	.....	.....	24	23.53	1.72	31,868	34.54	31,868	34.54	31,868	34.54	3,286	.....	.....

STATEMENT No. D-4

HUDSON'S BAY COMPANY, EDMONTON STORE

SUMMARY OF DEPARTMENTAL STATEMENTS

115	Drugs—Patent Medicines and Toilet- ries.....	35	2,200	39	36	144.34	10.60	19,150	38.86	19,144	38.85	18,307	37.15	330	6	837
140	Clothing—Women's Coats, Dresses and sundry outer wearing apparel ..	35	5,200	7.5	49 Dresses Coats Sundry	144.34 113.69 121.80	8.43 43.63 34.68	33,199	47.00	32,640	46.20	31,748	44.94	798	599	892
151	Clothing—Women's Underwear	28	2,600	6	38	109.86	0.00	22,223	46.06	22,196	46.00	21,243	44.02	392	27	953
180	Clothing—Men's Suits, Coats and sun- dry outer wearing apparel	36	5,400	13	42 Suits Coats Sundry	66.56 97.29 90.38	4.65 21.43 23.85	19,203	40.62	17,368	36.74	16,861	35.65	1,147	1,835	507
185	Clothing—Boy's Suits, Coats and sun- dry wearing apparel	28	4,500	21	31 Suits Coats Sundry	111.72 55.46 96.97	35.78 46.02 11.43	10,652	40.77	10,370	39.69	10,113	38.70	658	282	257
220	Furniture, Living Room, Dining Room, Kitchen and Bedroom Suites and individual pieces	32	3,500	14	39	175.70	11.46	15,634	45.28	15,269	44.22	15,044	43.57	7,574	365	225
303	Groceries—General Groceries	35	.....	.....	36	59.80	3.17	64,243	21.42	64,243	21.42	64,206	21.41	5,342	.....	37
330	Meats and Provisions—Sundry Meats, Poultry and Fish	29	.....	.....	32	79.40	5.40	22,549	28.35	22,549	28.35	22,540	28.33	2,350	.....	9

(1) Gross Profit including Discounts received, but before workroom wages and expenses and buying charges.

(2) Net Gross Profit including Discounts received and after workroom wages and expenses but before buying charges.

(3) Net Gross Profit excluding Discounts received and after workroom wages and expenses and buying charges.

HUDSON'S BAY COMPANY—WINNIPEG STORE

FURNITURE DEPARTMENT—220

EXAMPLES OF PRICE SPREADS

Description of Goods	Examples of Shipments				Initial Mark-up	
	Total Amount Ordered	Invoice Date	Unit Invoice Cost	Sales Tax, Freight and Duty	Total Unit Cost	Initial Selling Price
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.
Chairs—Walnut Finish No. 93.....	200 00	29th June, 1933	1 00	0 21	1 21	1 75
Ladder Back—Walnut Laquer No. 83.....	150 00	29th June, 1933	3 00	0 64	3 64	5 95
Folding Chairs—Walnut Laquer No. 95.....	130 00	29th June, 1933	1 30	0 276	1 576	2 50
Unfinished Chairs No. 91.....	300 00	29th June, 1933	0 60	0 127	0 727	1 00
5 Piece Bedroom Suite Walnut No. 314.....	1,500 00	6th Feb., 1933	75 00	12 22	87 22	149 00
End Tables Book Racks No. 100.....	45 00	6th Feb., 1933	3 75	0 61	4 36	7 50
Mahogany Beds No. 372.....	144 00	25th Oct., 1932	12 00	1 88	13 88	22 50
5 Piece Bedroom Suites No. 302.....	1,875 00	15th Oct., 1932	75 00	13 50	88 50	135 00
Occasional Chairs No. 457.....	600 00	8th Sept., 1933	6 00	1 03	7 03	11 50
4 Piece Bedroom Suites No. 2175.....	600 00	15th Dec., 1933	50 00	11 95	61 95	89 00
9 Piece Dining-Room Suite No. 1473.....	708 00	17th Mar., 1933	59 00	19 82	78 82	125 00
Card Tables, Mahogany and Black CT2.....	600 00	5th May, 1933	1 00	0 23	1 23	1 49
4 Piece Bedroom Suites No. 2149.....	1,050 00	12th April, 1933	52 50	10 86	63 36	98 00
4 Piece Bedroom Suites No. 2158.....	650 00	12th April, 1933	65 00	13 45	78 45	129 00
5 Piece Bedroom Suites No. 314.....	1,875 00	17th May, 1933	75 00	12 15	87 15	149 00
6 Piece Breakfast Suite No. 332.....	210 00	10th Aug., 1933	17 50	3 92	21 42	35 00
9 Piece Dining-Room Suites No. 761.....	950 00	31st Dec., 1932	35 00	16 72	51 72	89 00
5 Piece Bedroom Suites No. 273.....	850 00	30th Dec., 1932	50 00	9 00	59 00	98 00
Dressers Vandyke No. 273.....	288 00	3rd Jan., 1933	16 00	2 13	18 13	29 50
End Tables No. 47.....	422 50	25th July, 1933	32 50	6 61	39 11	59 50
Dinettes Suites No. 568.....	230 00	25th July, 1933	1 15	0 23	1 38	2 79
Walnut Colonial Beds.....	289 50	26th Oct., 1933	9 65	1 78	11 43	19 50
9 Piece Dining-Room Suite No. 70.....	752 25	17th July, 1933	75 23	16 35	91 58	139 00
9 Piece Dining-Room Suite No. 75.....	565 00	9th Aug., 1933	56 50	16 89	73 39	125 00
3 Piece Bedroom Suites Walnut No. 1932.....	1,000 00	21st July, 1933	20 00	6 04	26 04	37 50
4 Piece Bedroom Suites Walnut No. 1933.....	1,500 00	21st July, 1933	30 00	9 06	39 06	57 50
Chiffoniers with Mirror No. 3014.....	206 25	21st July, 1933	8 25	2 55	10 80	15 95
Dressers No. 3214.....	165 00	21st July, 1933	6 60	1 99	8 59	11 95
Book Cases No. 240.....	150 00	28th Feb., 1933	5 00	1 14	6 14	8 86
Book Cases No. 241.....	160 00	28th Feb., 1933	5 00	1 14	6 14	12 50
					\$ cts.	%
					0 54	44.7
					2 31	63.5
					0 924	58.6
					0 273	37.6
					61 78	70.8
					3 14	72.0
					8 62	62.1
					46 50	52.5
					4 47	63.6
					27 05	43.7
					46 18	58.6
					0 26	21.2
					34 64	54.7
					50 55	64.4
					61 85	71.0
					13 58	63.4
					77 28	69.2
					39 00	66.1
					11 37	62.7
					20 39	52.1
					0 41	29.7
					8 07	70.6
					47 42	51.8
					51 61	70.3
					11 46	44.0
					18 44	47.2
					5 15	47.7
					3 36	39.1
					8 86	144.3
					6 36	103.6

4 Piece Bedroom Suites Walnut No. 236-237.....	660 00	30th June, 1933..	60 00	12 48	72 48	125 00	52 52	72.4
4 Piece Bedroom Suites No. 2110.....	502 00	30th June, 1933..	50 20	10 69	60 89	98 00	37 11	60.9
4 Piece Bedroom Suites No. 2120.....	624 00	30th June, 1933..	62 40	13 28	75 68	125 00	49 32	65.1
9 Piece Dining-Room Suites No. 2228.....	522 80	30th June, 1933..	52 28	10 71	62 99	119 00	56 01	88.9
50 Chesterfields.....	1,051 45	24th Aug., 1933..	20 00	1 02	21 02	29 50	8 48	40.3
9 Piece Ensembles, Chesterfield, Occasional Chair, 2 Tables, Smoker, Magazine Rack, 2 Pillows and Footstool.....	770 00	7th Sept., 1933..	35 00	2 80	57 80	81 00	23 20	40.1
3 Piece Chesterfield Suites Walnut Lot No. 3220.....	1,680 00	31st Oct., 1933..	70 00	3 57	73 57	125 00	51 43	69.9
Bedroom Chair's Assorted Covers Walnut No. 293.....	187 50	2nd Nov., 1933..	3 75	0 19	3 94	5 95	2 01	31.0
2 Piece Chesterfield Suites No. 872.....	585 00	23rd Oct., 1933..	53 55	3 22	56 77	87 50	30 73	54.1
3 Piece Chesterfield Suites No. 112.....	950 00	1st Feb., 1934..	38 00	2 28	40 28	58 75	18 47	45.8
2 Piece Chesterfield Suites No. 121.....	875 00	31st Jan., 1934..	35 00	2 10	37 10	57 50	20 40	55.0
Special Chesterfields.....	264 00	28th Feb., 1934..	22 00	1 32	23 32	39 50	16 18	69.4
No. 52 Card Tables.....	46 20	11th Nov., 1933..	1 10		1 10	0 98	0 12	10.9
Gate Leg Extension Tables, Walnut No. 42.....	372 00	17th Nov., 1933..	15 50		15 50	24 50	9 00	58.0
3 Piece Bedroom Suites Walnut Finish.....	700 00	(Received 19th Mar., 1934)	28 00	1 68	29 68	47 50	17 82	60.0
3 Piece Walnut Bedroom Suites No. 5137.....	378 00	28th June, 1933..	18 00	4 28	22 28	35 00	12 72	57.1

NOTE:—For the year ended 31 January 1934, the gross profit of this department as a whole after write-downs, shortages, etc., and before work-room wages and expenses, was 42.0% on cost.

HUDSON'S BAY COMPANY—WINNIPEG STORE

Men's Clothing—DEPARTMENT 180

EXAMPLES OF PRICE SPREADS

Description of Goods	Total Amount Ordered	Examples of Shipments					Initial Mark-up	
		Invoice Date	Unit Invoice Cost	Sales Tax, Freight, Cartage and Duty	Total Unit Cost	Initial Selling Price	Amount	Percentage to Cost
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%
4 piece Men's Suits.....	2,608 55	5th Oct., 1933	12 85	0 81	13 66	22 00	8 34	61.1
4 piece Men's Suits, Satin body lining.....	752 75	30th Aug., 1933	24 25	1 38	25 63	45 00	19 37	75.6
			29 75	1 69	31 44	45 00	13 56	43.1
4 piece Men's Suits, Fully basted.....	782 00	17th Oct., 1933	11 50	0 94	12 44	18 95	6 51	52.3
4 piece Men's Suits.....	586 50	27th July, 1933	11 50	0 91	12 41	18 95	6 54	52.7
4 piece Men's Suits.....	969 00	7th Sept., 1933	14 25	1 05	15 30	24 50	9 20	60.1
4 piece Men's Suits.....	1,150 00	3rd Aug., 1933	11 50	0 87	12 37	18 95	6 58	53.2
4 piece "Stylecrest" Men's Suits.....	1,111 50	24th July, 1933	19 50	1 41	20 91	35 00	14 09	67.4
4 piece "Hudsonia" Men's Suits.....	2,064 00	10th Aug., 1933	16 00	1 18	17 18	29 00	11 82	68.8
4 piece Men's Suits.....	600 00	11th Sept., 1933	12 00	1 15	13 15	19 50	6 35	48.3
4 piece Men's Suits.....	1,896 00	5th May, 1933	12 00	0 92	12 92	19 50	6 58	50.9
3 piece Men's Suits, made to measure.....	1,859 00	28th April, 1933	11 50	1 12	12 62	19 50	6 88	54.5
4 piece Men's Suits, made to measure.....	1,640 00	10th April, 1933	14 75	1 33	16 08	24 50	8 42	52.4
4 piece Men's Suits, made to measure.....	834 25		15 00	1 34	16 34	24 50	8 16	49.9
3 piece Men's Suits, made to measure.....	218 50		11 75	1 05	12 80	19 50	6 70	52.3
3 piece Men's Suits, made to measure.....	501 50	24th Feb., 1933	11 50	1 15	12 65	19 50	6 85	54.2
4 piece Men's Suits, made to measure.....	2,304 00	22nd Mar., 1933	16 00	1 00	17 00	29 00	12 00	70.6
4 piece "Hudsonia" Men's Suits.....	1,563 50	1st Mar., 1933	14 75	1 09	15 84	25 00	9 16	57.8
4 piece Men's Suits.....	1,375 00	2nd May, 1933	12 50	0 94	13 44	{33 at 20 00 56 at 19 50	6 56	46.5 {48.8 45.1
4 piece "Stylecrest" Men's Suits.....	1,078 00	23rd Feb., 1933	19 25	1 40	20 65	35 00	14 35	69.5
3 piece "Certified" Men's Suits.....	519 75		19 25	1 40	20 65	35 00	14 35	69.5
4 piece Men's Suits.....	1,332 00	2nd Feb., 1933	18 00	1 13	19 13	32 50	13 37	69.9
Men's Suits.....	592 50	13th Feb., 1933	21 21	1 21	22 71	39 50	16 79	73.9
3 piece "Certified" Men's Suits.....	160 00	19th Mar., 1934	20 00	1 40	21 40	35 00	13 60	63.6
4 piece "Hudsonia" Men's Suits.....	891 00	1st Feb., 1934	16 50	1 19	17 69	29 00	11 31	63.9
4 piece "Stylecrest" Men's Suits.....	960 00	1st Feb., 1934	20 00	1 40	21 40	35 00	13 60	63.6
4 piece Made to Measure Men's Suits.....	321 75	20th Mar., 1934	29 25	1 75	31 00	45 00	14 00	45.2
3 piece Made to Measure Men's Suits.....	322 00	21st Mar., 1934	23 00	1 40	24 40	35 00	10 60	43.4
4 piece Men's Suits.....	2,334 50	26th Feb., 1934	11 50	0 84	12 34	21 00	8 66	70.2
4 piece Men's Suits.....	2,740 50	26th Feb., 1934	13 50	0 98	14 48	21 00	6 52	45.0

Men's Overcoats—Carrs & Taylor's Elysian Cloths included.....	2,970 00	20th Oct., 1933..	18 00	1 32	19 32	29 50	10 19	52.7
Rex Camel Coats.....	1,417 75	31st Oct., 1933..	13 25	0 97	14 22	22 50	8 28	58.2
Men's Overcoats.....	1,736 50	26th Sept., 1933..	11 50	0 96	12 46	19 50	7 04	56.5
Men's "Stylecrest" Overcoats.....	775 00	18th Aug., 1933..	15 50	1 22	16 72	27 50	10 78	64.5
Men's "Certified" Overcoats.....	858 00	26th Sept., 1933..	19 50	1 62	21 12	35 00	13 88	65.7
Men's Overcoats.....	3,306 00	20th Aug., 1933..	14 25	1 10	15 35	24 50	9 15	59.6
Men's "Hudsonia" Overcoats.....	1,966 05	20th Aug., 1933..	12 85	1 01	13 86	22 50	8 64	62.3
Men's Topcoats.....	594 00	3rd Mar., 1933..	9 00	0 71	9 71	15 00	5 29	54.5
Men's Lined Trench Coats.....	200 00	14th Feb., 1933..	10 00	0 12	10 12	15 00	4 88	48.2
Men's Unlined Trench Coats.....	150 00	14th Feb., 1933..	6 00	0 07	6 07	9 95	3 88	64.0
Men's "Hudsonia" Topcoats.....	923 00	6th Feb., 1933..	13 00	0 95	13 95	22 50	8 55	61.3
Men's "Hudsonia" Topcoats.....	940 75	26th Feb., 1934..	13 25	0 97	14 22	22 50	8 28	58.2
Men's "Stylecrest" Topcoats.....	929 25	26th Feb., 1934..	15 75	1 15	16 90	27 50	10 60	62.7
Men's "Certified" Topcoats.....	480 00	9th Jan., 1934..	20 00	1 46	21 46	35 00	13 54	63.1
Blue Hibac Overalls.....	48 60	27th Sept., 1933..	1 35	0 08	1 43	1 90	0 47	32.9
Blue Hibac Overalls.....	149 94	30th Mar., 1933..	1 19	0 07	1 26	1 90	0 64	50.8
Grey Flannel Pants.....	330 00	23rd Mar., 1933..	2 20	0 18	2 38	3 95	1 57	66.0
Men's and Young Men's Pants.....	375 00	29th Sept., 1933..	2 50	0 20	2 70	4 95	2 25	83.3
Men's and Young Men's Pants.....	202 50	1st Nov., 1933..	2 70	0 22	2 92	4 95	2 03	69.6
Men's Sheep Coats and Windbreakers.....	240 00		6 00	0 54	6 54	10 50	3 96	60.6
Men's Sheep Coats and Windbreakers.....	264 00		6 60	0 59	7 19	10 50	3 31	46.1
Men's Dressing Gowns.....	600 00		6 00	0 46	6 46	10 95	4 49	69.5

NOTE.—For the year ended 31st January, 1934, the gross profit of this department as a whole after write-downs, shortages, etc., and before workroom wages and expenses was 45.3% on cost.

HUDSON'S BAY COMPANY—WINNIPEG STORE
Boys' Clothing—DEPARTMENT No. 185—EXAMPLES OF PRICE SPREAD

Description of Goods	Total Amount Ordered	Invoice Date	Examples of Shipments			Initial Selling Price	Initial Mark-up	
			Unit Invoice Cost	Sales Tax, Freight and Duty	Total Unit Cost		Amount	Percentage to Cost
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%
Boys' Suits, All Styles.....	1,843 75	Feb. 9, 1933....	6 25	0 53	6 78	9 95	3 17	46.8
	464 10	.....	9 10	0 78	9 88	15 00	5 12	51.8
	323 20	.....	10 10	0 86	10 96	20 00	9 04	82.5
	406 00	.....	11 60	0 99	12 59	20 00	7 41	58.9
	518 00	.....	14 00	1 19	15 19	25 00	9 81	64.6
Boys' Suits, XP, Styles 4150-61-6-9-70.....	660 00	Feb., 9, 1933....	11 00	0 87	11 87	18 50	6 63	55.9
Boys' Suits, 4-piece Styles 5022-6-6-7-8, 5651.....	450 00	May 4, 1933....	9 00	0 83	9 83	15 00	5 17	52.6
Boys' Suits, 4-piece Styles 18475-80-5-7.....	740 00	April 26, 1933....	9 35	0 75	10 10	15 95	5 85	57.9
Boys' Suits, XP, Styles HB 5206-28-9, etc.....	700 00	May 4, 1933....	14 00	1 13	15 13	25 00	9 87	65.2
	1,237 00	Sept. 1, 1933....	6 25	0 51	6 76	9 95	3 19	47.2
Boys' Suits, XP, Various Styles.....	575 00	July 27, 1933....	11 50	0 88	12 38	20 00	7 62	61.6
Boys' Suits, XP, Various Styles.....	580 00	Sept. 29, 1933....	14 50	1 06	15 56	25 00	9 44	60.7
Boys' Suits, XP, Various Styles.....	475 00	Oct. 25, 1933....	9 50	0 63	10 13	15 95	5 82	57.5
Boys' Suits, XP, Styles 5026-7-8, 5644-5.....	873 00	Oct. 24, 1933....	9 00	0 70	9 70	15 95	6 25	64.4
Boys' Suits, XP, Various Styles.....	114 50	Aug. 12, 1933....	8 25	0 62	8 87	12 95	4 08	46.0
	750 00	Oct. 19, 1933....	10 00	0 75	10 75	15 95	5 20	48.4
	168 00	.....	10 50	0 78	11 28	18 50	7 22	64.0
Boys' Topcoats—Various Styles.....	439 00	.....	12 25	0 91	13 16	20 00	6 84	52.0
	145 20	.....	6 05	0 52	6 57	9 95	3 38	51.4
Boys' "Gradster" Overcoats.....	442 17	Feb. 17, 1933....	8 67	0 74	9 41	15 00	5 59	59.4
	377 30	.....	10 78	0 92	11 70	20 00	8 30	70.9
Boys' "Gradster" Overcoats.....	291 50	Sept. 16, 1933....	11 66	0 99	12 65	20 00	7 35	58.1
Boys' "Gradster" and "Junior" Overcoats.....	484 50	.....	4 75	0 50	5 25	7 95	2 70	51.4
	625 00	Sept. 26, 1933....	6 25	0 57	6 82	9 95	3 13	45.9
Boys' "Junior" Overcoats.....	290 75	Oct. 13, 1933....	4 75	0 50	5 25	7 95	2 70	51.4
	827 50	Sept. 23, 1933....	5 00	0 52	5 52	7 95	2 43	44.0
Boys' "Guards" Overcoats.....	350 00	Nov. 2, 1933....	11 75	1 17	12 92	20 00	7 08	54.8
Boys' Sheep Windbreakers.....	486 00	Aug. 25, 1933....	1 75	0 17	1 92	2 79	0 87	45.4
Boys' Horsehide Coats.....	280 00	Nov. 15, 1933....	6 00	0 49	6 49	9 95	3 46	53.3
Boys' Longs.....	132 00	May 2, 1933....	1 17	0 09	1 26	1 95	0 69	54.8
Boys' Assorted Drill Longs.....	500 00	Mar. 22, 1934....	1 00	.....	1 00	1 69	0 69	69.0
Boys' Brown Corduroy Breeches.....	750 00	Sept. 15, 1933....	1 25	.....	1 37	1 95	0 58	42.4
Boys' Breeches, Various Styles.....		Oct. 25, 1933....	1 25	0 11	1 36	1 79	0 43	31.6

Boys' Horseshide and Sheepskin Coats.....	486 00	Nov. 8, 1933.....	6 00	0 48	6 48	9 95	3 47	53.5
Boys' Sheep Coats.....	737 10	Nov. 10, 1933.....	4 55	0 34	4 89	6 95	2 06	42.2
Boys' Windbreakers, "Black Horse" Style No. 657.....	287 50	Sept. 5, 1933.....	5 75	0 49	6 24	9 95	3 71	59.5
Boys' Windbreakers, Ace Labels, 600X.....	300 00	Sept. 5, 1933.....	3 00	0 26	3 26	5 95	2 69	82.5
Boys' Windbreakers, Ace Labels, 661.....	425 00	Oct. 5, 1933.....	4 25	0 37	4 62	6 95	2 33	50.5
Boys' Windbreakers, Ace Labels, X657.....	250 00	Oct. 5, 1933.....	5 00	0 44	5 44	8 95	3 51	64.5
Torcadors, No. 5.....	48 80	Aug. 26, 1933.....	0 51	0 03	0 54	0 59	0 05	9.3
Torcadors, No. 50.....	62 50	.....	0 52	0 03	0 55	0 75	0 20	36.4
Black Torcadors, No. 100-6-18.....	849 15	Mar. 28, 1934.....	0 64	0 035	0 675	1 00	0 325	48.1
Black Torcadors, No. 524-6-16.....	148 00	Mar. 28, 1934.....	0 80	0 05	0 85	1 25	0 40	47.1
Black Pants, No. 217.....	425 70	.....	0 825	0 05	0 875	1 25	0 375	42.9

NOTE.—For the year ended 31st January, 1934, the gross profit of this department as a whole after write-downs, shortages, etc., and before work-room wages expenses was 43.39 p.c. on cost.

STATEMENT 860-1

HUDSON'S BAY COMPANY—WINNIPEG STORE
MEN'S AND BOYS' CLOTHING DEPARTMENT 860 (BASEMENT)

EXAMPLES OF PRICE SPREADS

Description of Goods	Total Amount Ordered	Examples of Shipments					Initial Mark-up	
		Invoice Date	Unit Invoice Cost	Sales Tax, Freight and Duty	Total Unit Cost	Initial Selling Price	Amount	Percentage to Cost
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%
Men's Suits M. to M., one pr. pants.....	1,717 00	Jan. 20, 1933.....	11 35	0 87	12 22	17 50	5 28	43.2
Men's Suits M. to M. X. P.....	540 00	Feb. 17, 1933....	13 75	1 06	14 81	21 50	6 69	45.2
Boys' and Students' Suits—4 piece "College" "Lisgar".....	375 00		5 40	0 45	5 85	8 95	3 10	53.0
Men's 4 piece suits.....	1,988 75	Mar. 7, 1933....	7 50	0 63	8 13	12 95	4 92	59.3
Men's 4 piece suits.....	1,755 00	Mar. 23, 1933....	9 25	0 71	9 96	14 95	5 01	50.1
Boys' 3 piece Suits.....	365 00	Mar. 4, 1933....	11 25	0 87	12 12	19 50	7 38	60.9
Boys' 3 piece Suits.....	300 00	Mar. 10, 1933....	3 65	0 31	3 96	5 95	1 99	50.3
Men's Special Suits, 3 piece M. to M.....	640 50	Mar. 20-29, 1933.	1 00	0 975	1 0975	1 69	0 5925	54.0
Men's Special Suits, 4 piece M. to M.....	946 80		10 50	1 08	11 58	17 00	5 42	46.8
Men's 3 piece Suits M. to M.....	352 00	April 7, 1933....	13 15	1 35	14 50	21 50	7 00	48.3
Men's 4 piece Suits M. to M.....	565 50		11 00	1 08	12 08	17 00	4 92	40.7
4 piece Men's Suits.....	3,167 00	May 3, 1933....	14 50	1 42	15 92	22 00	6 08	38.2
4 piece Men's Suits.....	475 70	June 29, 1933....	11 00	0 86	11 86	17 95	6 09	51.3
4 piece Men's Suits.....	1,175 00	July 29, 1933....	7 10	0 63	7 73	10 95	3 22	41.7
3 piece Men's Suits.....	367 50	Oct. 19, 1933....	11 75	0 91	12 66	19 50	6 84	54.0
Men's 4 piece Suits.....	157 50		10 50	0 66	11 16	17 50	6 34	56.8
Men's 4 piece Suits.....	2,200 00	Oct. 26, 1933....	8 75	0 55	9 30	13 95	4 65	50.0
Men's 4 piece Suits.....	625 00	Oct. 27, 1933....	11 00	0 83	11 83	17 50	5 67	47.9
Men's 4 piece Suits.....	500 00	Nov. 6, 1933....	6 25	0 61	6 86	9 95	3 09	45.0
Men's 4 piece Suits.....	497 50	Aug. 30, 1933....	12 50	0 95	13 45	19 50	6 05	45.0
Men's 4 piece Suits.....	1,928 50	Aug. 11, 1933....	11 055		11 055	14 95	3 895	35.2
Men's Topcoats—Assorted styles.....	840 00	Feb. 6, 1933....	9 50	0 76	10 26	14 95	4 69	45.7
Men's Topcoats—All styles.....	2,480 00	Mar. 13, 1933....	10 00	0 72	10 72	17 50	6 78	63.2
Men's Topcoats—All styles.....	11,341 00	Aug. 12, 1933....	8 75	0 63	9 38	15 00	5 62	59.9
Men's Topcoats—Clearing line models.....	910 00	Sept. 1, 1933....	6 25	0 48	6 73	9 95	3 22	47.8
Men's Pants—Cotton Worsted.....	184 00	Feb. 16, 1933....	8 75	0 66	9 41	14 95	5 54	58.9
Men's Pants—All styles.....	720 08	May 25, 1933....	11 00	0 92	11 92	17 95	6 03	50.6
			10 00	0 82	10 82	17 95	7 13	65.9
			0 9583	0 1017	1 06	1 65	0 59	55.7
			1 35	0 13	1 48	1 95	0 47	31.8
			1 75	0 16	1 91	2 95	1 04	54.5

	1, 378 75}	Oct. 5, 1933	4 25	0 38	.63	{20 at 6 95 37 at 7 95	2 32	50.1) 64.1
Boys' Leather Jackets—All styles.....	255 00	June 24, 1933.....	0 70½	0 08½	0 79	0 98	3 32	71.7)
Men's Odd Pants—Assorted sizes.....	1, 597 25	Sept. 10, 1933.....	4 90	0 50	5 40	7 95	0 19	24.2
Men's Leather Windbreakers and Mackinaws.....			3 00	0 30	3 30	4 95	2 55	47.2
			4 40	0 44	4 84	6 95	1 65	50.0
Men's Gowns, Styles 925, 058, 043.....	779 00	Nov. 15, 1933.....	1 83½	0 17½	2 01	2 89	2 11	43.6
Men's Black Rubber Coats.....	57 75	Aug. 24, 1933.....	2 25	0 22	2 47	3 69	1 42	43.7
Men's Rubberized Coats.....	223 00	Aug. 25, 1933.....	3 60	0 34	3 94	5 95	2 01	57.5
Boys' Toreadors with Zippers.....	210 00	July 31, 1933.....	2 75		2 75	3 95	1 20	51.0
Boys' Toreadors.....	137 50	Aug. 31, 1933.....	1 973		1.973	2 98	1 007	43.6
Men's Blue Bibs.....	140 80	Mar. 15, 1933.....	0 875	0 055	0 93	1 25	0 32	50.9
Men's Bib Overalls (Hibacs).....	122 00	Aug. 3, 1933.....	0 4583	0 02747	0 4858	0 50	0 0142	34.4
Men's Bib Overalls (Hibacs).....	132 00	Aug. 3, 1933.....	0 7333	0 044	0 7773	1 00	0 2226	2.92
Men's Black Pants.....	90 00	Aug. 3, 1933.....	1 02	0 06	1 08	1 35	0 27	28.6
Men's Hibac Overalls.....	32 50	Oct. 24, 1933.....	1 16	0 07	1 23	1 65	0 42	25.0
Men's Hibac Overalls.....	55 65	Oct. 24, 1933.....	0 94	0 06	1 00	1 45	0 45	34.2
Men's Hibac Overalls.....	24 38	Oct. 24, 1933.....	1 08	0 06	1 14	1 35	0 21	45.0
Men's Hibac Overalls.....	22 75	Oct. 24, 1933.....	1 33	0 08	1 41	1 65	0 24	18.4
Smock Coats.....			1 35	0 08	1 43	1 90	0 47	17.0
			1 08	0 06	1 14	1 35	0 21	32.9
							0 21	18.4

NOTE:—For the year ended 31st January, 1934 the gross profit of this Department as at whole after write-downs, shortages, etc., and before work-room wages and expenses was 43.49% on cost.

THE HUDSON'S BAY COMPANY—WINNIPEG STORE

WOMEN'S SUITS AND COATS—DEPARTMENT No. 140

EXAMPLES OF PRICE SPREAD

Description	Total Amount Ordered	Examples of Shipments					Initial Mark-up	
		Date of Invoice	Unit Invoice Cost	Sales Tax, Freight, and Duty	Total Unit Cost	Initial Selling Price	Amount	Percentage to Cost
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%
Coats—crepe lined.....	344 00	Mar. 21, 1933	8 00	0 70	8 70	14 95	6 25	71.84
Suits—assorted styles.....	494 50	Mar. 22, 1933	21 50	0 325	21 825	39 50	17 675	80.99
Coats—style 706 and 733.....	150 75	Mar. 16, 1933	16 75	0 99	17 74	29 50	11 76	66.18
Coats—style 550-533.....	180 00	Mar. 16, 1933	9 00	0 75	9 75	16 95	7 20	73.85
Coats.....	420 00	Mar. 11, 1933	12 00	0 84	12 94	19 95	7 11	55.38
Coats—style 310, 1262, 304, 305, 311.....	435 00	Mar. 14, 1933	14 50	0 88	15 38	25 00	9 62	62.55
Coats—style 231H, 313H, 297H, 305H, 298, 299.....	430 00	Mar. 14, 1933	10 75	0 65	11 40	19 95	8 55	75.00
Coats—style 505, 503, 511, 502.....	241 50	Mar. 18, 1933	11 50	0 76	12 26	19 95	7 69	62.72
Ladies DB leatherette Coats assorted.....	171 00	Mar. 22, 1933	2 85	0 25	3 10	4 95	1 85	59.68
Ladies DB Jersey Coats assorted.....	114 00	Mar. 22, 1933	2 85	0 25	3 10	4 95	1 85	59.68
Special Raincoats assorted.....	200 00	Mar. 22, 1933	2 00	0 175	2 175	6 at 6 95 72 at 2 95	4 775	219.54 66.9
Coats—style 209, 212, 419.....	88 50	Feb. 14, 1933	29 50	1 80	31 30	22 at 4 95	2 775	35.63 127.59
Coats—style 263, 267.....	106 50	Sept. 9, 1933	17 75	1 065	18 815	49 50	18 20	58.15
Coats—style 905-9-19.....	295 00	Sept. 16, 1933	14 75	0 885	15 635	29 50	10 685	56.79
Coats—style 515G, 525A, 535A, 514Bx.....	184 00	Oct. 24, 1933	11 50	0 69	12 19	25 00	9 365	59.90
Coats—assorted.....	269.70	Oct. 26-28, 1933	9 30	0 558	9 858	24 75	12 56	103.04
Coats—clearing.....	210 00	Nov. 22, 1933	7 00	0 42	7 42	14 95	5 092	51.65
Fur trimmed coats (chamois lined).....	840 00	Dec. 7, 1933	15 00	1 385	16 385	36 at 24 00 6 at 34 00	7 53	101.48 46.48
Assorted Ladies' Coats (back chamois lined).....	385 00	Oct. 24, 1933	11 00	1 05	12 05	14 at 39 00 22 at 39 00	17 615	107.51 75.9
Coats.....	607 50	Sept. 12, 1933	13 50	1 078	14 578	7 at 29 50	17 45	144.81
Coats—style 1490, 1730, 1492, 1476.....	165 00	Sept. 19, 1933	16 50	1 39	17 89	2 at 23 95	11 90	98.75 77.04
Coats—style 914, 926, 929, 933, 946, 947.....	481 25	Sept. 23, 1933	13 75	0 27	14 02	1 at 19 95	7 90	65.56
Coats—style 932, 935, 954.....	281 25	Sept. 23, 1933	11 25	0 267	11 517	25 at 18 95	6 90	57.26
Coats—various styles—body chamois interlined.....	784 00	Sept. 19, 1933	14 00	1 36	15 36	24 75	10 172	69.78
Coats—various styles—body chamois interlined.....	330 00	Sept. 19, 1933	16 50	1 51	18 01	29 50	11 61	64.90

Coats—various styles, chamois interlined.....	560 00	Sept. 28, 1933.....	17 50	1 475	18 975	29 50	10 525	55.99
Coats—various styles, chamois interlined.....	518 50	July 29, 1933.....	30 50	2 125	32 625	75 00	42 375	129.89
Coats—style 447—Sable C. & C.....	81 00	July 31, 1933.....	20 25	1 453	21 703	39 50	17 797	82.00
Coats—style 416, 427—4 muskrat } C. & C.....	126 00	July 31, 1933.....	21 00	1 173	22 173	39 50	17 327	78.14
Coats—style 7638, 7663, 7549, 7530 various furs.....	443 75	Aug. 8, 1933.....	17 75	1 36	19 11	28 00	8 89	46.51
Coats—various styles and furs.....	765 00	Aug. 5, 1933.....	25 50	1 96	27 46	48 00	20 54	74.80
Coats—various styles and furs.....	922 50	Aug. 5, 1933.....	22 50	1 78	24 28	38 00	13 72	56.51
Coats—various styles and furs.....	422 50	July 25, 1933.....	16 25	1 24	17 49	35 00	17 51	100.11
Coats—various styles and furs.....	465 75	July 25, 1933.....	17 25	1 29	18 54	35 00	16 46	88.78
Coats—various styles and furs.....	812 50	July 24, 1933.....	32 50	2 225	34 725	75 00	40 275	115.98
Coats—assorted.....	537 50	April 17, 1933.....	10 75	1 482	12 232	19 95	7 718	63.10
Polo Coats.....	60 00	April 29, 1933.....	6 00	0 54	6 54	12 95	6 41	98.01
Suits—style 854, 855, 856.....	210 00	Feb. 8, 1933.....	10 50	0 74	11 24	19 95	8 71	77.49
Suits—style 816, 888, 889.....	201 25	Feb. 8, 1933.....	5 75	0 40	6 15	10 95	4 80	78.05
Suits—style 618, 631.....	65 31	Feb. 15, 1934.....	13 06	0 79	13 85	25 00	11 15	80.51
Swagger Suits 647, 681.....	76 50	Feb. 24, 1934.....	8 50	0 51	9 01	14 95	5 94	65.93
Unlined swagger suits.....	186 00	May 26, 1933.....	7 75	0 625	8 375	14 95	6 575	78.51
						8 at 14 95	5 575	70.04
						17 at 13 95	5 575	66.57
Two piece swagger suits.....	156 25	May 1, 1933.....	6 25	0 50	6 75	16 95	10 20	151.11

NOTE:—For the year ended 31st January, 1934 the gross profit of this department as a whole after write-downs, shortages, etc., and before workroom wages and expenses, was 59.52% on cost.

HUDSON'S BAY COMPANY--WINNIPEG STORE

WOMEN'S DRESSES--DEPARTMENT No. 145--EXAMPLES OF PRICE SPREADS

Description of Goods	Examples of Shipments					Initial Mark-up	
	Total Amount Ordered	Invoice Date	Unit Invoice Cost	Sales Tax, Freight, and Duty	Total Unit Cost	Initial Selling Price	Amount
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	%
Assorted Faille Dresses.....	113 75	14 Sept., 1933	8 75	0 52	9 27	15 00	5 73
Printed Dresses.....	318 50	31 Jan., 1934	6 50	0 50	7 00	10 95	3 95
Dresses.....	161 50	12 Feb., 1934	4 75	0 62	5 37	8 95	3 58
Suits.....	337 50	28 Feb., 1934	6 75	0 08	6 83	10 95	4 12
Dresses.....	260 00	28 Feb., 1934	10 00	0 60	10 60	19 75	9 15
Graduation ".....	56 00	3 March 1934	8 00	0 48	8 48	15 00	76.8
Assorted Dresses.....	50 00	3 March 1934	10 00	0 60	10 60	19 75	9 15
	400 00	12 March 1934	4 00	0 34	4 34	{ 107 7 95	3 61
						{ 5 8 95	4 61
						{ 4 10 95	6 61
						{ 1 12 95	8 61
Assorted Printed Jacket Dresses.....	275 00	20 March 1934	5 50	0 08	5 58	95.2	95.2
Assorted Printed Flat Crepe.....	255 00	30 March 1934	12 75	0 76	13 51	{ 4 25 00	85.0
						{ 5 22 00	8 49
Assorted Dresses.....	122 50	6 April 1934	17 50	1 05	18 55	{ 3 35 00	88.6
						{ 1 19 75	1 20
".....	87 00	6 April 1934	14 50	0 87	15 37	25 00	9 63
Dresses, Assorted.....	88 00	6 April 1934	2 75	0 24	2 99	5 95	2 96
Dresses, Assorted.....	743 75	22 April 1933	4 25	0 35	4 60	7 95	3 35
Spring Suits.....	1,250 00	27 April 1933	6 25	0 51	6 76	10 95	4 19
Celanese Dresses.....	600 00	20 June 1933	3 00	0 26	3 26	4 95	1 69
Dresses.....	105 00	16 Aug., 1933	10 50	8 37	18 87	29 75	10 88
Dresses.....	54 00	7 Sept., 1933	4 50	0 31	4 81	8 95	4 14
Dresses.....	1,840 00	2 Oct., 1933	5 75	0 46	6 21	{ 55 14 00	7 79
						{ 79 10 00	3 79
						{ 62 8 95	2 74
						{ 92 6 00	0 21
Silk Dresses.....	400 00	25 Oct., 1933	4 00	0 36	4 36	7 95	3 59
Misses' and Women's Velvet and Pressed Velvet.....	950 00	28 Oct., 1933	9 50	0 56	10 06	16 00	5 94
Dresses.....	186 00	30 Nov., 1933	7 57	0 62	8 37	15 00	6 63
						{ 8 12 95	4 58
Dresses.....	225 00	12 Dec., 1933	4 50	0 36	4 86	7 95	3 09
Dresses.....	275 00	12 Dec., 1933	5 50	0 44	5 94	7 95	2 01

Dresses.....	105 00	20 Jan., 1933.....	8 75	0 54	9 29	15 00	5 71	61.4
Dresses.....	272 00	27 Feb., 1933.....	4 00	0 28	4 28	17 12	6 67	(155.8
						31	10 72	134.7
						8	4 67	109.1
Dresses.....	47 50	27 Feb., 1934.....	9 50	0 77	10 27	1 19 75	0 67	15.6
						2 15 00	9 48	92.3
						4 12 95	4 73	61.4
Dresses.....	425 00	2 Mar., 1934.....	4 25	0 33	4 58	34 10 95	8 37	182.7
						4 8 95	6 37	139.1
						73 7 95	4 37	97.5
Dresses.....	850 00	25 April, 1933.....	4 25	0 35	4 60	7 95	3 35	73.6
Dresses.....	271 25	11, 12, 15, 1933.....	8 75	0 56	9 31	15 00	5 69	61.1
		18 Aug., 1933.....	3 25	0 25	3 50	5 00	1 50	42.8
Dresses.....	383 00	7 Sept., 1933.....	6 50	0 49	6 99	18 9 95	2 96	42.3
Dresses.....	234 00	7-14 Sept., 1933.....				13 10 95	3 96	48.3
Dresses.....	331 50	30 Sept., 10 Oct., and 14 Oct., 1933.....	8 50	0 51	9 01	15 00	5 99	56.6
								66.5

NOTE.—For the year ended 31st January, 1934, the gross profit of this department as a whole after write-downs, shortages, etc., and before work-room wages and expenses was 36.51 per cent on cost.

THE HUDSON'S BAY COMPANY—WINNIPEG STORE

WOMEN'S SPORTSWEAR DEPARTMENT—150—EXAMPLES OF PRICE SPREADS

Description of Goods	Examples of Shipments				Initial Mark-up	
	Total Amount Ordered	Date of Invoice	Unit Invoice Cost	Sales Tax, Freight and Duty	Unit Total Cost	Initial Selling Price
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.
Women's Novelty Sweaters.....	21 75	Mar. 1, 1933.....	1 19	0 08	1 27	2 95
Women's Knit Skirts.....	48 87	Mar. 3, 1933.....	1 14	0 09	1 23	2 95
Women's All Wool Pullovers—Clearing Lines.....	540 00	Mar. 4, 1933.....	0 75	0 01	0 76	396 1 00
						252 1 69
Women's and Girl's Bathing Suits.....	800 00	Mar. 15, 1933.....	0 666	0 044	0 71	656 1 29
						366 1 00
						151 1 50
Women's Pullovers.....	685 00	April 22, 1933.....	0 57	0 04	0 61	0 89
Women's Knockabout Dresses.....	175 00	June 17, 1933.....	3 50	0 26	3 76	0 28
Women's Assorted Sweaters.....	225 00	June 29, 1933.....	0 75	.....	0 75	3 19
Women's Job Dresses.....	380 00	Sept. 23, 1933.....	2 00	.....	2 22	6 95
Women's 3-piece Knit Suits.....	225 00	Oct. 13, 1933.....	4 50	0 35	4 85	2 10
Sub-Deb Dresses.....	87 75	Mar. 7, 1933.....	3 25	0 28	3 53	2 42
						11 2 95
						10 5 95
Selected Suits and Dresses.....	175 00	Mar. 23, 1933.....	3 50	0 07	3 57	4 10 95
						17 12 95
						2 15 00
Coats.....	337 75	Mar. 29, 1933.....	9 00	0 62	9 62	15 00
Dresses.....	227 50	Mar. 30, 1933.....	8 75	0 07	8 82	15 00
Dresses (Print and Plain).....	250 00	May 1, 1933.....	2 50	0 22	2 72	3 95
Assorted Dresses.....	600 00	June 24, 26, 27, 1933.....	4 00	0 30	4 30	6 95
Assorted Dresses.....	348 00	Sept. 7, 19, 1933.....	1 21	0 17	1 38	2 00
Bunny Down Dresses.....	475 00	Nov. 11, 1933.....	4 75	0 37	5 12	22 9 95
						76 7 95
Misses Coats.....	337 50	April 1, 1933.....	6 75	0 50	7 25	10 95
Coats—Fur, Chamois Lined.....	98 25	Aug. 12-16, 1933.....	33 25	2 66	35 91	49 75
Coats—Fur, Chamois Lined.....	36 75	Aug. 12-16, 1933.....	37 25	2 98	40 23	69 75
Coats—Fur, Chamois Lined.....	93 00	Aug. 12-23, 1933.....	15 50	1 24	16 74	29 00
Cloth Coats.....	512 50	Oct. 24, 1933.....	10 25	0 78	11 03	46 16 00
						4 16 95
Assorted Waists.....	275 00	April 12, 1933.....	1 15	0 08	1 23	1 95
						0 62
						4 83
						2 83
						3 70
						13 84
						29 52
						12 26
						4 97
						53 7
						0 72

Assorted Waists.....	215 00	Aug. 15-19, 1933	1 79	0 11	1 90	2 95	1 05	55.3
Ladies' Leather Jackets.....	360 00	Sept. 25-27, 1933	4 50	0 34	4 84	7 95	3 11	64.2
Suedette Jackets.....	100 00	Oct. 20, 1933.....	2 00	0 18	2 18	2 98	0 80	36.7
Skirts—Assorted Cloths.....	108 00	Mar. 25, 1933.....	1 125	0 105	1 23	{ 13 1 39	0 16	122.6 { 13.0
						{ 83	1 72	139.8
Assorted Skirts.....	24 00	June 10, 1933.....	0 67	0 05	0 72	1 00	0 28	38.9
Slacks, Shorts, etc.....	43 76	May 13, 1933.....	0 875	0 055	0 93	1 95	1 02	109.7
Underwear.....	103 00	May 16, 1933.....	1 17	0 09	1 26	1 95	0 69	54.6
Assorted Skirts.....	145 20	June 15, 1933.....	2 42	0 19	2 61	3 95	1 34	51.3
Assorted Skirts.....	84 00	June 15, 1933.....	1 75	0 14	1 89	2 95	1 06	56.1
Assorted Skirts.....	56.40	June 15, 1933.....	0 67	0 05	0 72	1 00	0 28	38.9
						{ 28 6 95	2 65	61.6
Sample Knit Suits.....	400 00	Mar. 1, 1934.....	4 00	0 30	4 30	6 8.95	4.65	108.1
						{ 26 10 95	6 65	106.6 { 154.6
Ostrich Wool Dresses.....	360 00	Aug. 28, 1933.....	3 00	0 28	3 28	5 49	2 21	67.4
Slacks.....	60 00	Dec. 20, 1933.....	2 00	0 12	2 12	2 98	0 86	40.5
Coats.....	9 75	Mar. 29, 1933.....	9 75	.....	9 75	19 75	10 00	102.5
Leather Jackets.....	51 00	Dec. 12, 1933.....	8 50	0 51	9 01	12 95	3 94	43.7
Wool Skirts.....	197 50	Nov. 21, 1933.....	1 58	0 09	1 67	2 49	0 82	49.1
Assorted Sweaters.....	25.67	Sept. 23, 1933.....	1 83	0 11	1 94	2 95	1 01	52.1
Assorted Sweaters.....	56.25	Sept. 23, 1933.....	3 12	0 19	3 31	5 95	2 64	79.7

NOTE.—For the year ended 31st January, 1934, the gross profit of this department as a whole, after write-downs, shortages, etc., and before work-room wages and expenses, was 45.74 p.c. on cost.

THE HUDSON'S BAY COMPANY—WINNIPEG STORE
WOMEN'S COATS AND DRESSES (BASEMENT)—DEPARTMENT No. 830
EXAMPLES OF PRICE SPREADS

Description of Goods	Examples of Shipments				Initial Mark-up	
	Total Amount Ordered	Invoice Date	Unit Invoice Cost	Sales Tax, Freight and Duty	Total Unit Cost	Initial Selling Price
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.
Ladies' Coats, Crepes and Tweeds.....	216 51	Mar. 16, 1934.....	4 75	0 28	5 03	7 95
Ladies' Coats.....	63 60	Mar. 17, 1933.....	7 50	0 45	7 95	12 95
Ladies' Coats.....	108 12	Mar. 17, 1933.....	8 50	0 51	9 01	14 95
Assorted Fleck and Crepe Coats, Sateen.....	100 17	April 6, 1934.....	4 50	0 27	4 77	7 95
Ladies' Fleck Tweed Coats.....	450 00	April 18, 1933.....	4 25	0 255	4 505	6 95
Assorted Fleck Coats.....	147 26	April 19, 1933.....	3 75	0 23	3 98	4 95
Print Dresses.....	141 75	May 16, 1933.....	2 25	0 14	2 39	37 at 2 95 26 at 3 95
Coats.....	17 49	Sept. 18, 1933.....	16 50	0 99	17 49	1 56
Coats.....	16 69	Sept. 18, 1933.....	15 75	0 94	16 69	11 46
Coats.....	257 50	Oct. 5, 1933.....	5 15	0 31	5 46	12 26
Coats.....	250 08	Sept. 29, 1933.....	14 75	0 88	15 63	3 49
Women's Print and Crepe Dresses.....	66 70	Jan. 27, 1933.....	2 90	0 243	3 143	9 12
Women's Print and Crepe Dresses.....	90 00	Jan. 27, 1933.....	3 00	0 252	3 252	2 81
Women's Print and Crepe Dresses.....	110 25	Jan. 27, 1933.....	3 15	0 264	3 414	2 70
Women's Print and Crepe Dresses.....	143 00	Jan. 27, 1933.....	3 25	0 273	3 523	2 54
Two and Three Piece Suits and Dresses.....	340 00	Jan. 31, 1933.....	0 708	0 069	0 777	2 43
Assorted Misses' Printed Celanese.....	100 00	Feb. 1, 1933.....	2 00	0 175	2 175	0 62
Selected Misses' Dresses.....	112 50	Feb. 1, 1933.....	4 50	0 358	4 858	0 78
Coats.....	224 00	Feb. 23, 1933.....	4 00	0 31	4 31	3 10
Tweed Cloth Coats.....	40 50	Mar. 1, 1933.....	6 75	0 571	7 321	2 64
Dresses.....	750 00	Mar. 11, 1933.....	2 50	0 22	2 72	5 63
Dresses.....	400 00	Mar. 14, 1933.....	2 15	0 19	2 34	1 23
Coats.....	365 75	Mar. 16, 18, 20, 21, 22, 24, 1933.....	4 75	0 285	5 035	0 61
Misses' Assorted Prints.....	250 00	Mar. 28, 1933.....	2 50	0 22	2 72	2 92
Assorted Coats.....	1,550 00	Mar. 31, 1933.....	7 75	0 65	8 40	1 23
Assorted Coats.....	760 50	Mar. 31, 1933.....	9 75	0 82	10 57	4 55
Misses' and Women's Dresses.....	2,250 00	April 21, 22, 1933.....	1 87½	0 18	2 055	6 38
						51.8 (60.3 41.4 45.3

Chinchilla Coats.....	287 50	July 18, 1933.....	5 75	0 465	6 215	9 95	3 74	60.2
Coats.....	217 00	July 24, 1933.....	15 50	1 117	16 617	27 00	10 39	62.5
Coats.....	1,550 00	July 31, 1931.....	15 50	1 38	16 88	27 00	10 12	59.9
Coats.....	1,350 00	Aug. 4, 1933.....	13 50	1 20	14 70	23 00	8 30	56.4
Coats.....	500 00	Aug. 3, 1933.....	10 00	0 89	10 89	17 00	6 11	56.1
Jersey Dresses.....	375 87	Aug. 15, 21, 1933..	1 875	0 149	2 024	2 89	0 87	43.0
Coats.....	1,175 00	Aug. 19, 1933.....	11 75	1 169	12 92	19 75	6 83	52.8
Women's Coats.....	418 50	Aug. 18, 22, 1933..	7 75	0 555	8 285	12 98	4 70	56.7
Coats.....	900 00	Aug. 31, 1933.....	9 00	0 68	9 68	15 75	6 07	62.7
All Wool Jersey Dresses.....	336 00	Oct. 2, 1933.....	1 75	0 19	1 94	2 89	0 95	48.9
Assorted Silk Dresses.....	300 00	Oct. 11, 1933.....	1 00	0 22	3 22	20 at 3 94	0 72	22.3
						55 at 4 94	1 72	53.4
Womens and Misses Silk Dresses.....	445 25	Oct. 11, 1933.....	2 25	0 21	3 46	30 at 5 94	2 72	84.4
						23 at 4 94	1 48	42.8
Assorted Rough Crepe.....	250 00	Oct. 13, 1933.....	2 00	0 14	2 14	93 at 5 94	2 48	71.7
Assorted Fur-trim Coats.....	960 00	Oct. 19, 1933.....	9 60	0 62	10 22	21 at 7 94	4 48	75.7
Dresses.....	325 00	Feb. 6, 9, 1934..	6 50	0 51	7 01	88 at 14 95	0 85	39.7
Dresses.....	388 25	Feb. 6, 1934.....	2 81	0 24	3 05	15 at 19 75	4 73	46.3
						15 at 19 75	9 53	93.2
Coats, Suits, Jackets.....	360 00	Feb. 16, 1934.....	4 50	0 289	4 789	124 at 4 94	3 94	56.2
						14 at 3 94	1 89	62.0
						53 at 7 95	0 89	29.1
Women's Swagger Coats.....	500 50	April 5, 1934.....	6 50	0 525	7 025	10 at 9 95	3 17	66.3
Women's Tweed Coats.....	850 00	April 5, 1934.....	8 50	0 625	9 125	19 at 12 95	5 17	108.1
						9 at 14 95	8 17	170.9
						17 at 14 95	10 17	106.8
						17 at 14 95	3 96	212.8
						3 at 9 95	5 83	56.4
							0 83	63.9
								55.6
								9.1

NOTE.—For the year ended 31st January, 1934, the gross profit of this department as a whole after write-downs, shortages, etc., and before work-room wages and expenses was 38.05% on cost.

Corsets.....	82 50	19th Sept., 1933..	1 145	0 105	1 25	1 95	0 70	56.0
Girdle.....	53 75	19th Sept., 1933..	0 895	0 085	0 98	1 59	0 61	62.2
Crepe de Chine Lingerie.....	1, 450 00	16th Oct., 1933..	1 208	0 012	1 22	1 95	0 73	59.8
Sweaters.....	375 00	23rd Oct., 1933..	0 625	0 045	0 67	0 98	0 31	46.2
Skirts.....	560 00	31st Oct., 1933..	1 33	0 10	1 43	2 19	0 76	53.1
Assorted Suede Art Taffeta Slips.....	1, 600 00	17th Jan., 1934..	0 666	0 004	0 67	{180 at 1 00 420 at 1 29}	{0 33 0 62}	{78.2 92.5}
Wash Frocks.....	2, 325 00	22nd Jan., 1934..	0 646	0 044	0 69	0 97	0 27	39.2
Smocks.....	675 00	22nd Jan., 1934..	0 625	0 055	0 68	0 97	0 29	42.6
Special Dresses.....	850 00	22nd Jan., 1934..	0 708	0 062	0 77	0 97	0 20	25.9
Crepe Pantie and Brassiere Sets.....	75 00	5th April, 1934..	0 62	0 06	0 68	1 00	0 32	47.0
Assorted Women's Hand Bags.....	300 00	1st Feb., 1934..	1 00	0 02	1 02	1 59	0 57	55.9
Corsets—Assorted.....	97 50	15th Mar., 1934..	1 08	0 10	1 18	1 95	0 77	65.2
Corsets—Assorted.....	119 00	15th Mar., 1934..	1 16	0 11	1 27	1 95	0 68	53.5
Assorted Skirts.....	450 00	22nd Mar., 1933..	0 75	0 02	0 77	1 19	0 42	54.5
Rayon—Panties and Vests.....	475 00	11th April, 1933..	0 395	0 005	0 40	0 59	0 19	47.5

NOTE.—For the year ended 31st January, 1934, the gross profit of this department as a whole after write-downs, shortages, etc., was 45.69% on cost*.

THE HUDSON'S BAY COMPANY--WINNIPEG STORE
MEN'S AND BOY'S SHOES--DEPARTMENT 210--EXAMPLES OF PRICE SPREADS

Description of Goods	Examples of Shipments					Initial Mark-up	
	Total Amount Ordered	Invoice Date	Unit Invoice Cost	Sales Tax, and Freight	Total Unit Cost	Initial Selling Price	Amount
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Men's Black Calf Blucher & Brogue Oxfords.	673 20	Feb. 11, 1933	2 04	0 76	2 80	4 85	2 05
Men's Calf and Kid Oxford 129-38; 250,355.	525 85	Feb. 6, 1933	5 47	0 21	5 68	9 50	3 82
Men's Oxfords 100-1.	1,278 00	Jan. 11, 1933	2 846	0 164	3 01	5 00	1 99
Men's Oxfords 627, 2615, 29-39.							
Men's Oxfords 129-138, 355, 250	145 00	Feb. 24, 1933	4 81	0 285	5 095	7 45	2 355
Men's Boots 265.	41 60	Feb. 24, 1933	5 20	0 30	5 50	7 95	2 45
Men's Oxfords 2605, 16, 27, 76.	745 08	Mar. 7, 1933	3 96	0 17	4 13	7 00	2 87
Men's Oxfords 6903-4, 18, 20, 6-61, 361, 9, 91	1,187 20	Mar. 6, 1933	3 20	0 15	3 35	6 00	2 65
Men's Oxfords 6300, 19, 67051	451 50	April 25, 1933	3 50	0 18	3 68	6 00	2 32
Men's Br. Elk Oxf. 43828.	179 25	May 13, 1933	2 32	0 20	2 52	3 95	1 43
Men's Blk. Calf Oxf. 2603-5-7-5653, 719	1,089 00	May 31, 1933	2 43	0 22	2 65	3 95	1 30
Men's Oxfords 101k, 106k, 100, 202	423 20	May 22, 1933	5 78	0 09	5 87	9 00	3 13
Men's Oxfords 3-29891	257 40		2 86	0 24	3 10	4 95	1 85
Men's Oxfords 3-19341	252 00	Sept. 22, 1933	2 80	0 24	3 04	5 00	1 96
Men's Oxfords 3-29811	310 50		3 45	0 28	3 73	6 00	2 27
Men's Oxfords 64878, 54178	588 80	Sept. 2, 1933	2 88	0 22	3 10	4 75	1 65
Men's Oxfords 627-684-3-123	627 20	Oct. 31, 1933	2 80	0 25	3 05	5 00	1 95
Men's Oxfords 6223	156 00	Aug. 24, 1933	2 60	0 24	2 84	5 00	2 16
Men's Oxfords 627	176 50	Aug. 17, 1933	2 25	0 21	2 46	3 95	1 49
Men's Oxfords 69361, 6939, 6903, etc.	1,138 00	Aug. 26, 1933	3 386	0 244	3 63	6 00	2 37
Men's Oxfords 2605-161, 11, 67, 76 and 6935, etc.	1,322 01	Aug. 29, 1933	4 08	0 30	4 38	8 00	3 62
Men's Boots, Black Kid Blucher	260 44		3 255	1 485	4 74	8 00	3 26
Men's Oxfords, Calf and Kid	591 47	Sept. 30, 1933	2 83	1 31	4 14	6 95	2 81
Men's Oxfords, Black Calf Blucher	221 83		2 335	1 115	3 45	6 45	3 00
Men's Romeos 1501, 1501 X	390 00		1 45	0 13	1 58	1 95	0 37
Men's Romeos 1551	102 00	Nov. 21, 1933	1 80	0 15	1 95	3 00	1 05
Boys' Romeos 1501	72 00		1 35	0 12	1 47	1 95	0 48
Men's Choc. Kid Romeo S. 6285	126 00		2 06	0 145	2 205	3 50	1 295
Men's Choc. Kid Opera S. 6280.	117 00	Oct. 24, 1933	1 91	0 14	2 05	3 50	1 45
Boys' Choc. Kid Opera S. 5280	51 00		1 67	0 125	1 795	3 00	1 205
Men's Spats Style K3	177 50		1 48	0 09	1 57	2 75	1 18
Men's Spats Style K1	105 71	Oct. 14, 1933	1 23	0 08	1 31	2 50	1 19
Men's Spats Style K2	71 16		1 27	0 08	1 35	2 75	1 40

THE HUDSON'S BAY COMPANY—WINNIPEG STORE
MEN'S AND BOYS' SHOES—DEPARTMENT 210—EXAMPLES OF PRICE SPREADS

Ascot White 8421.....	4 35	Sept. 13, 1933.....	0 87	.....	0 87	1 25	0 38	43.7
Sup. White 8058.....	36 26	Sept. 13, 1933.....	0 98	.....	0 98	1 35	0 37	37.8
Ascot Black and Tan 2699.....	24 00	Sept. 13, 1933.....	0 60	.....	0 60	0 85	0 25	41.7
Ascot Black and Tan 2698.....	57 62	Sept. 13, 1933.....	0 67	.....	0 67	0 95	0 28	41.8
Sup. White 2343.....	15 60	Sept. 13, 1933.....	1 30	.....	1 30	2 00	0 70	53.8
Romeos 4008.....	31 25	Sept. 18, 1933.....	1 25	0 075	1 325	1 95	0 625	47.2
Police Boots 3467.....	120 00	Sept. 28, 1933.....	4 00	.....	4 00	6 00	2 00	50.0
Men's Black Kid Blucher 3414.....	148 50	Sept. 28, 1933.....	2 97	.....	2 97	3 95	0 98	33.0
Men's Black Chief of Police 3466.....	219 00	Oct. 13, 1933.....	3 65	.....	3 65	5 00	1 35	37.0
Men's Earl Rec.....	26 97	Oct. 26, 1933.....	1 685	.....	1 685	2 45	0 765	45.4
Men's Senator Fittals F. and N. 10361.....	238 40	Oct. 27, 1933.....	2 71	.....	2 71	3 75	1 04	38.4
Moccasins.....	43 75	Nov. 9, 1933.....	0 73	0 044	0 774	1 25	0 476	61.5
Boys' Black Elk Shoes.....	37 00	Nov. 9, 1933.....	0 77	0 046	0 816	1 50	0 684	83.8
"Brit." and "Cling".....	63 00	Nov. 9, 1933.....	0 875	0 055	0 93	1 50	0 57	61.3
Boys' Black Elk Top Shoes No. 230.....	43 50	Feb. 14, 1934.....	1 45	0 09	1 54	1 95	0 41	26.6
Youths' Scampers 537 and 437.....	152 32	Mar. 1, 1934.....	0 635	.....	0 635	0 79	0 155	24.4
Men's Scampers 325.....	68 40	Mar. 1, 1934.....	0 57	.....	0 57	0 79	0 22	38.6
Men's Black Oxfords and Boots.....	48 00	Mar. 6, 1934.....	1 60	0 10	1 70	2 50	0 80	47.1
Men's Calf Mules.....	30 37	April 6, 1934.....	1 45	.....	1 45	2 25	0 80	55.2
Men's and Boys' Slippers.....	12 29	April 6, 1934.....	1 755	.....	1 755	2 75	0 995	56.7
Men's and Boys' Slippers.....	224 25	Aug. 21, 1933.....	5 95	0 066	6 016	10 00	3 984	66.2
Men's and Boys' Slippers.....	91 50	Aug. 18, 1933.....	1 65	0 08	1 73	3 00	1 27	73.5
Men's and Boys' Slippers.....	69 30	Aug. 18, 1933.....	0 77	0 08	0 85	1 35	0 50	59.0
Men's and Boys' Slippers.....	121 50	Aug. 18, 1933.....	0 81	0 08	0 89	1 45	0 56	63.0
Men's and Boys' Slippers.....	184 80	Aug. 18, 1933.....	0 88	0 07	0 95	1 39	0 44	46.4
Men's Black Calf Oxfords.....	171 00	Feb. 23, 1934.....	2 85	0 245	3 095	4 85	1 755	56.7
Men's Black and Brown Calf Oxfords.....	457 60	Feb. 6, 1934.....	4 40	0 08	4 48	6 85	2 37	53.0
Men's Gunmetal Calf Oxfords.....	409 50	Feb. 12, 1934.....	2 275	0 21	2 485	3 85	1 365	55.0
Men's Black Calf Blucher Oxfords.....	204 00	Mar. 9, 1934.....	3 40	0 32	3 72	6 00	2 28	61.3

NOTE:—For the year ended 31st January, 1934, the gross profit of this Department, as a whole, after write-downs, shortages, etc., was 48.79% on cost.

Description of Goods	Examples of Shipments				Initial Mark-up	
	Total Amount Ordered	Date of Invoice	Unit Invoice Cost	Sales Tax and Freight	Total Unit Cost	Initial Selling Price
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.
Women's Sandals, moulded sole.....	1,337 28	Mar. 20, 1933.....	0 96	0 89	1 85	3 45
Women's Sandals, cemented sole.....	598 50	Mar. 20, 1933.....	1 50	1 46	2 96	4 49
Women's Oxfords, ties and straps.....	1,847 35	July 15, 1933.....	4 85	0 33	5 18	8 10
Women's Black Kid.....	939 00	July 17, 1933.....	3 00	0 18	3 18	5 00
Women's Kid Pump, suede tie, kid strap, etc.....	1,407 55	Aug. 4, 1933.....	4 00	0 275	4 275	7 50
Women's Kid, suede and sation kid.....	1,611 75	July 26, 1933.....	5 125	0 295	5 42	3 225
Women's Strap, tie and pump shoes.....	1,131 55	Aug. 1, 1933.....	2 59	0 19	2 78	4 08
Women's Slippers—all colours.....	480 00	Aug. 11, 1933.....	0 72	0 07	0 79	2 22
Women's Slippers—all colours.....	456 00	Aug. 11, 1933.....	0 845	0 075	0 92	5 00
Women's Pumps, suede ties.....	1,360 10	Aug. 24, 1933.....	3 35	0 20	3 55	0 57
Women's Black Kid Tie, moderne.....	216 20	Sept. 12, 1933.....	4 60	0 38	4 98	2 45
Women's blue, black, brown Oxfords.....	458 40	Sept. 18, 1933.....	3 18	0 26	3 44	3 02
Women's Brown and Black Kid.....	986 20	Sept. 25, 1933.....	2 14	0 23	2 37	2 01
Women's Black Suede and Eyelet Gore.....	580 90	Oct. 3, 1933.....	3 50	0 265	3 765	58 5
Women's Brown Suede.....	159 00	Oct. 5, 1933.....	2 65	0 17	2 82	2 18
Women's Brown Suede.....	188 00	Oct. 5, 1933.....	2 35	0 15	2 50	2 18
Women's Black and White (rope Sandals and Black Satin Sandals.....	773 80	Oct. 18, 1933.....	4 04	0 30	4 34	1 45
Women's Black and Kid Denny Tie.....	108 00	Oct. 23, 1933.....	4 95	0 35	5 30	2 91
Women's Slippers—all colours.....	192 25	Nov. 15, 1933.....	5 85	0 14	5 99	2 20
	570 00	Nov. 24, 1933.....	1 00	0 08	1 08	4 01
Women's Kid Ties.....	508 80	Jan. 20, 1934.....	4 80	0 06	4 86	0 31
Women's Black and White Oxfords.....	400 00	Jan. 20, 1934.....	4 00	0 06	4 06	0 67
Women's Assorted Shoes and Oxfords.....	675 00	Feb. 5, 1934.....	4 50	0 045	4 545	3 14
Women's Blue Calf and Black and Blue Kid.....	692 50	Feb. 6, 1934.....	5 08	0 29	5 37	1 89
Women's Black and Blue Eyelet.....	585 90	Feb. 12, 1934.....	3 46	0 25	3 71	2 305
Women's Black and Brown Calf Shoes.....	856 25	Mar. 6, 1934.....	5 07	0 286	5 356	4 13
Women's White Elk Blucher.....	741 00	Mar. 31, 1934.....	1 75	0 15	1 90	2 14
Women's Black and Brown Shoes.....	1,000 15	Feb. 3, 1933.....	4 15	0 16	4 31	4 144
Women's Black and Brown Kid Oxfords.....	1,110 00	Feb. 6, 1933.....	3 70	0 133	3 833	1 59
Women's Black, Brown Shoes.....	1,463 50	Feb. 24 & 25, 1933.....	3 95	0 19	4 14	3 19
Women's Black and Brown Kid.....	867 60	Feb. 28, 1933.....	3 60	0 144	3 744	2 117
Women's Black and Brown Kid.....	831 00	Feb. 28, 1933.....	2 31	0 11	2 42	3 36
Women's Slippers—assorted colours.....	312 00	Mar. 2, 1933.....	0 98	0 057	1 037	2 756
Women's Chaff Beige.....	828 50	Mar. 14, 1933.....	5 25	0 20	5 45	1 58
Women's Floor Shoes.....	1,634 80	Mar. 20, 1933.....	3 35	0 14	3 49	0 553
Women's Blue, Black Kid Regent Pump.....	434 45	Mar. 20, 1933.....	2 974	0 20	3 174	4 05
						1 96
						1 776
						53 4
						74 4
						56 2
						56 0

Women's White Kid Regent Pump.....	761 15	April 4, 1933.....	3 10	0 22	3 32	6 00	2 68	80.8
Women's Kid Straps.....	481 65	April 5, 1933.....	2 85	0 195	3 045	5 00	1 955	64.2
Women's Black Kid Regent Pump.....	136 80	April 5, 1933.....	2 35	0 195	2 545	4 00	1 455	57.0
Women's Black and Brown Kid Rand tie.....	423 25	April 17, 1933.....	5 68	0 12	5 80	9 00	320	55.2
Women's White Canvas Oxfords.....	712 00	April 26, 1933.....	2 00	0 155	2 155	3 95	1 795	83.3
Women's Assorted White Kid.....	1,084 45	May 16, 1933.....	2 36	0 17	2 53	3 95	1 42	56.2
Women's White Shoes and Sandals.....	1,013 25	May 16, 1933.....	5 25	0 386	5 636	9 50	3 864	68.5
Women's Black and Brown Kid, 4 eyelet.....	971 25	May 23, 1933.....	3 75	0 225	3 975	7 50	2 525	63.5
Women's Cantilever Shoes.....			3 75	0 345	4 095	5 95	1 855	45.3
Women's Sample Shoes.....	562 50	Oct. 27, 1933.....	3 75	0 345	4 095	6 95	2 855	69.7
Women's Black and Brown Kid.....	600 00	July 7, 1933.....	3 00	0 345	3 345	5 95	2 605	77.9
Women's Rubbers.....	115 15	Aug., 14, 1933.....	2 00	0 16	2 16	4 00	1 84	85.2
Women's Rubbers.....	22 02	Feb. 14, 1934.....	0 76	.....	0 76	1 00	0 24	31.6
Women's Rubbers.....	31 82	Feb. 12, 1934.....	0 55	.....	0 55	0 75	0 20	36.4
Women's Rubbers.....	113 78	Feb. 12, 1934.....	0 86	.....	0 86	1 25	0 39	45.4
Women's Shoes, Pumps, etc.....	881 40	Oct. 14, 1933.....	1 08	.....	1 08	1 65	0 57	52.8
			2 60	0 16	2 76	4 40	1 64	59.4

NOTE.—For the year ended 31st January, 1934, the gross profit of this department as a whole, after write-downs, shortages, etc., was 48.69 per cent on cost.

HUDSON'S BAY COMPANY--WINNIPEG STORE

MEN'S AND WOMEN'S SHOES--DEPARTMENT 870 (BASEMENT)--EXAMPLES OF PRICE SPREADS

SPECIAL COMMITTEE

Description of Goods	Examples of Shipments				Initial Mark-up	
	Total Amount Ordered	Invoice Date	Unit Invoice Cost	Sales Tax, Freight, Cartage and Duty	Total Unit Cost	Initial Selling Price
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.
Men's Oxfords.....	144 00	Feb. 17, 1933.....	1 20	0 10	1 30	1 89
Men's Solid Leather Blucher.....	270 00	May 23, 1933.....	3 00	0 28	3 28	5 00
						{ 74 } 16
Men's "Club", "Triplex" and "Unity" Oxfords.....	856 58	Aug. 21, 1933.....	1 81	0 88	2 69	5 00
Men's Oxfords.....	270 00	May 15, 1933.....	1 50	0 31	1 81	1 95
Men's Domo Max Blucher Oxfords.....	432 00	June 26, 1933.....	1 80	0 18	1 98	2 95
Men's Blucher Oxfords.....	337 50	Oct. 26, 1933.....	2 25	0 215	2 465	3 95
Men's Solid Leather Blucher.....	810 00	Aug. 15, 1933.....	3 00	0 29	3 29	5 00
Youths' and Boys' Blucher Boot.....	1,053 00	July 31, 1933.....	1 212	0 125	1 337	1 95
Men's Special Davis' Calf Blucher Oxfords.....	423 00	Aug. 23, 1933.....	2 35	0 22	2 57	3 95
Men's Side Leather Boots "Old Colony" and Solid Leather.....	396 00	Aug. 12, 1933.....	1 65	0 17	1 82	2 98
Men's Black Gunmetal Side Blucher.....	468 00	Nov. 11, 1933.....	1 56	0 17	1 73	2 98
Men's Oxfords.....	480 00	Sept. 19, 1933.....	1 60	0 17	1 77	2 69
Men's Box Calf Blucher Bal.....	1,622 40	Oct. 25, 1933.....	3 38	0 29	3 67	5 00
Men's Box Derby Boots.....	373 16	Dec. 22, 1933.....	1 575	0 725	2 30	3 45
Men's Blucher Boots.....	270 00	July 12, 1933.....	1 50	0 16	1 66	2 45
Men's Calgary Rubbers.....	139 06	Oct. 19, 1933.....	1 264		1 264	1 65
Boys' All Brown Re-inforced Running Shoes.....	422 50	Aug. 31, 1933.....	0 4225	0 0375	0 46	0 59
Men's All Brown Re-inforced Running Shoes.....	92 50	Aug. 31, 1933.....	0 4625	0 0375	0 50	0 69
Boy's Black and White Re-inforced Running Shoes.....	145 50	April 13, 1933.....	0 485	0 0375	0 5225	0 95
Boys, Low Cut Horse Hide Moccasins.....	735 00	Oct. 14, 1933.....	0 625	0 06	0 685	1 25
Men's Brown Alligator Romeos.....	384 75	Nov. 24, 1933.....	1 60	0 16	1 76	2 95
Men's Black Oxfords.....	198 80	Oct. 11, 1933.....	2 25		2 25	3 45
Men's Black Split Blu. Plain.....	28 20	Oct. 4, 1933.....	1 40	0 84	1 484	1 69
Men's Rubbers.....	24 09	Oct. 4, 1933.....	0 705		0 705	1 00
Men's Red Sole Rubbers.....	59 40	Aug. 31, 1933.....	0 73		0 73	1 00
Women's L-Straps.....			0 66		0 66	1 00
Women's Black Oxfords, Girls' Black Oxfords, Girls' L-Straps.....	187 60	Aug. 14, 1933.....	1 40		1 40	1 98
Nurses' White Canvas Oxfords.....	424 80	Feb. 25, 1933.....	1 18		1 25	1 95
Misses' Hand-Sewn Buckskin Moccasins.....	152 00	Sept. 19, 1933.....	0 633	0 07	0 65	1 15
Women's House Slippers.....	318 79	Mar. 8, 1934.....	0 71	0 0426	0 7526	1 00
						0 2474
						32 88
						41 5
						56 0
						92 3
						37 0
						51 5
						206
						295
						27
						34
						58
						70
						60
						2474

Description of Goods

Total Amount Ordered

Invoice Date

Unit Invoice Cost

Sales Tax, Freight, Cartage and Duty

Total Unit Cost

Initial Selling Price

Examples of Shipments

Initial Mark-up

Description of Goods

Total Amount Ordered

Invoice Date

Unit Invoice Cost

Sales Tax, Freight, Cartage and Duty

Total Unit Cost

Initial Selling Price

Examples of Shipments

Initial Mark-up

Women's Sport Oxfords.....	268 80	Mar.	7, 1933....	1 28	0 07	1 35	2 45	1 10	81.5
Women's Black Dong, Style.....	336 00	April	26, 1933....	1 40	0 12	1 52	2 29	0 77	50.7
Women's Black Kid Shoes.....	1,296 00	May	29, 1933....	1 35	0 045	1 395	1 98	0 585	41.9
Brown and White Sandals.....	54 00	May	15, 1933....	0 60	0 065	0 665	0 99	0 325	48.9
	210 00	May	15, 1933....	0 70	0 07	0 77	1 19	0 42	54.5
Women's Shoes.....	96 00	May	15, 1933....	0 80	0 075	0 875	1 29	0 415	47.4
Women's Crepe d'Orsay Shoes.....	285 60	May	15, 1933....	0 60	0 025	0 625	1 00	0 375	60.0
Women's Shoes.....	877 50	Aug.	14, 1933....	0 625	0 065	0 69	1 00	0 31	44.9
	630 00	June	8, 1933....	1 80	0 20	2 00	3 95	1 95	52.8
							38	315	
Women's Black Slippers.....	1,836 00	Nov.	6, 1933....	1 00	0 091	1 091	1 75	0 659	60.4
Women's Side D'Orsay Shoes.....	1,462 50	Aug.	12, 1933....	0 625	0 575	0 6825	0 95	0 2675	39.2
							136	0 3175	46.5
Women's White Sandals.....	2,175 00	June	29, 1933....	0 725	0 13	0 855	1 00	0 145	17.0
Women's Kid Pumps.....	651 00	Oct.	17, 1933....	2 005	0 16	2 165	3 45	1 285	59.4
Women's Black Stella Oxfords.....	518 40	Aug.	30, 1933....	1 20	0 11	1 31	1 98	0 67	51.1
Women's Black Stella One-Strap.....	270 00	Aug.	9, 1933....	0 75	0 065	0 15	1 00	0 185	22.7
Women's Pumps, Ties and Straps.....	1,617 00	Aug.	17, 1933....	2 337	0 17	2 507	3 95	1 443	57.6
Women's Black Dong, Style Shoes.....	798 00	Oct.	20, 1933....	1 40	0 12	1 52	2 49	0 97	63.8
*Women's Black Kid Shoes.....	3,790 00	Oct.	7, 1933....	1 75	0 135	1 885	1 99	0 105	5.57
Women's Kid and Calf Shoes.....	1,215 00	Oct.	14, 1933....	1 35	0 10	1 45	2 29	0 84	58.0
Women's Boudoir Slippers.....	350 00	Oct.	14, 1933....	0 35	0 05	0 40	0 50	0 10	25.0
Women's Pumps, Goves, Straps and Ties.....	585 90	Nov.	9, 1933....	1 35	0 116	1 466	2 98	1 514	103.3
Women's Overshoes.....	270 93	Oct.	1933....	1 5394		1 5394	2 00	0 4606	29.92
Women's Overshoes.....	417 55	Oct.	4, 1933....	2 4854		2 4854	3 50	1 0146	40.82
Women's Plain Rubbers.....	44 39	Oct.	4, 1933....	0 4988		0 4988	0 69	0 1912	38.34
Women's Splashes.....	131 84	Oct.	4, 1933....	1 0896		1 0896	1 65	0 5604	51.4
Children's Plain Rubbers.....	25 07	Oct.	4, 1933....	0 4558		0 4558	0 59	0 1342	29.4
Women's Splashes.....	291 60	Mar.	2, 1934....	1 08		1 08	1 29	0 21	19.5
Women's Plain Rubbers.....	62 00	Mar.	2, 1934....	0 50		0 50	0 62	0 12	24.0

*See rebate on this item mentioned in Report.

HUDSON'S BAY COMPANY—WINNIPEG STORE
ELECTRICAL APPLIANCES (WASHING MACHINES)—DEPARTMENT 287
EXAMPLES OF PRICE SPREADS

Description	Examples of Shipments					Initial Mark-up		
	Total Amount Ordered	Date of Invoice	Unit Invoice Cost	Sales Tax, Freight, Cartage and Duty	Total Unit Cost	Initial Selling Price	Amount	Percentage to Cost
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%
Thermo 21 Monel Electric Washer No. 61743.....	86 13	Feb. 3, 1934.....	86 13	.....	86 13	159 50	73 37	85.19
Model 30 Electric Washer No. 62692.....	59 70	Feb. 3, 1934.....	59 70	.....	59 70	99 50	39 80	66.66
S. No. 25621 Type W-1 Gyrator Washers.....	308 00	Feb. 10, 1934.....	44 00	.....	44 00	64 50	20 50	46.59
Model "A" Washing Machines.....	1,000 00	Feb. 26, 1934.....	40 00	2 88	42 88	69 50	26 62	62.08
Model "B-1" DeLux Washing Machines.....	186 00	Mar. 1, 1934.....	46 65	2 80	49 45	99 50	50 05	101.21
Model "B" DeLux Washing Machines.....	83 30	Mar. 1, 1934.....	41 65	2 50	44 15	89 50	45 35	102.72
Rideau Washing Machines.....	1,925 00	April 1, 1934.....	38 50	.....	38 50	59 50	21 00	54.55
Thermo 21C Electric Washer.....	76 95	Nov. 16, 1933.....	76 95	.....	76 95	142 50	65 55	85 18
Model 30 Electric Washer.....	59 70	Nov. 16, 1933.....	59 70	.....	59 70	99 50	39 80	66.66
Model 133 Electric Washer.....	103 35	Nov. 16, 1933.....	51 675	.....	51 675	79 50	27 825	53 85
Masterpiece Washers.....	1,000 00	Oct. 30, 1933.....	40 00	2 507	42 51	69 50	26 99	63 50
Model "A" Electric Washers.....	306 00	Aug. 4, 1933.....	51 00	0 85	51 85	89 50	37 65	72 61
Snowwhite Washers.....	210 00	Mar. 8, 1933.....	52 50	3 15	55 65	75 00	19 35	34.77
Thermo 21C Electric Washers.....	153 90	Oct. 14, 1933.....	76 95	.....	76 95	142 50	65 55	85.18

NOTE:—For the year ended 31st January, 1934, the gross profit of this Department as a whole, after write-downs, shortages, etc., was 34.13% on cost.

HUDSON'S BAY COMPANY—WINNIPEG STORE

WALLPAPERS—DEPARTMENT 290

EXAMPLES OF PRICE SPREADS

PRICE SPREADS AND MASS BUYING

Description of Goods	Total Amount Ordered	Examples of Shipments					Initial Mark-up	
		Date of Invoice	Unit Invoice Cost	Sales Tax, Freight, Cartage and Duty	Total Unit Cost	Initial Selling Price	Amount	Percentage to Cost
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%
1489A, 1489C, 1400MC.....	146 50	Aug. 22, 1933.....	0 066	0 013	0 079	0 10	0 021	26.58
1487A, 1487C.....	90 00	Aug. 22, 1933.....	0 06	0 0125	0 0725	0 08	0 0075	10.34
881B, 881L, 88K, Hangings.....	80 00	Oct. 20, 1933.....	0 17	0 027	0 197	0 30	0 103	52.28
1485A, 1485C.....	34 00	Mar. 14, 1934.....	0 0731	0 015	0 0881	0 15	0 062	70.37
1379E, 1379M.....	35 00	Mar. 14, 1934.....	0 0602	0 0146	0 0748	0 10	0 0252	33.69
789F Hangings.....	27 50	Mar. 17, 1934.....	0 055	0 012	0 067	0 10	0 033	49.25
41260 Borders.....	3 50	Mar. 17, 1934.....	0 35	0 0297	0 3797	1 40	1 02	268.63
3732, 3733 Ceilings.....	51 00	Mar. 17, 1934.....	0 073	0 013	0 086	0 250	0 164	190.69
11318 Hangings.....	37 50	Mar. 17, 1934.....	0 0645	0 0135	0 0780	0 100	0 022	28.20
91160—1—2 Hangings.....	275 40	Mar. 17, 1934.....	0 154	0 018	0 172	0 25	0 078	45.34
41260 Borders.....	4 20	Aug. 29, 1933.....	0 35	0 0421	0 3921	1 05	0 6579	167.79
11260 Hangings.....	16 50	Aug. 29, 1933.....	0 055	0 02	0 075	0 10	0 025	33.33
11640, 2, 3 Hangings.....	34 50	Aug. 29, 1933.....	0 0989	0 0238	0 1227	0 19	0 0673	54.85

Note:—For the year ended 31st January, 1934 the gross profit of this Department as a whole, after write-downs, shortages, etc., was 64.70% on cost.

HUDSON'S BAY COMPANY--WINNIPEG STORE

DRUGS--DEPARTMENT 115--EXAMPLES OF PRICE SPREADS

Description	Total Amount Ordered	Examples of Shipments								
		Date of Invoice	Unit Invoice Price	Freight, Sales and Excise Taxes	Total Unit Cost	Regular Selling Price	Regular Mark-up		Lowest Mark-up	
							Amount	Percent-age to Cost	Amount	Percent-age to Cost
Absorbine Jr.—Small.....	\$ cts. 135 00	17th July, 1933	\$ 0.797	\$ 0.019	\$ 0.816	\$ 0.98	\$ 0.164	20.10	\$ 0.064	7.85
Large.....	67 50		1.594	0.038	1.632	1.95	0.318	19.48	0.258	15.81
Absorbine Jr.—Small.....	135 00	26th Mar., 1934	0.797	0.019	0.816	0.98	0.164	20.10	0.064	7.85
Large.....	45 00		1.594	0.038	1.632	1.96	0.328	20.10	0.258	15.80
Phillips Milk of Magnesia (12 oz. bottle).....	270 00	30th Sept., 1933	0.319	0.019	0.338	0.43	0.092	27.22	0.048	14.20
Phillips Milk of Magnesia (12 oz. bottle).....	270 00	1st Mar., 1934	0.319	0.019	0.338	0.39	0.052	15.38	0.048	14.20
Pinkham's Vegetable Compound.....	120 00	31st Jan., 1934	0.833	0.057	0.89	1.00	0.11	12.36	0.01	1.13
Woodbury's cleansing or cold cream—Jar.....	12 60	17th Mar., 1934	0.32	.....	0.32	0.50	0.18	56.30	0.18	56.30
Cuticura Soap.....	139 00	13th Oct., 1933	0.193	.....	0.193	0.27	0.077	39.90	0.047	24.36
Baby's Own Soap.....	51 00	6th Mar., 1934	0.071	.....	0.071	0.09	0.019	27.76	0.07	0.14
Baby's Own Soap.....	51 00	3rd Nov., 1933	0.071	.....	0.071	0.10	0.029	40.84	0.001	0.14
Electric Oil.....	18 00	2nd Feb., 1934	0.20	0.032	0.232	0.33	0.098	42.24	0.058	25.00
Marchand's Golden Hair Wash—4 oz.....	30 00	21st July, 1933	0.355	0.055	0.410	0.55	0.14	34.14	0.14	34.14
16 oz.....	12 00		0.850	0.165	1.015	1.65	0.635	62.56	0.635	62.56
8 oz.....	16 00	15th Feb., 1933	0.567	0.040	0.607	1.00	0.393	64.74	0.393	64.74
Dr. Lyon's Tooth Powder.....	6 40	11th Oct., 1933	0.227	.....	0.227	0.39	0.163	71.8	0.123	54.20
Herpicide—Small.....	3 23	June, 1931	0.497	.....	0.497	0.65	0.153	30.78	0.153	30.78
Large.....	3 24		0.973	.....	0.973	1.65	0.677	69.58	0.677	69.58
Fruit-a-tives—Small.....	3 24	14th Feb., 1934	0.999	.....	0.999	1.38	0.381	38.14	0.381	38.14
Large.....	2 26	June, 1933	0.169	.....	0.169	0.23	0.061	36.09	0.061	36.09
Large.....	27 12	June, 1933	0.33	.....	0.33	0.35	0.02	6.06	0.01	3.03
Small.....	26 10	28th Feb., 1933	0.317	.....	0.317	0.37	0.053	16.72	0.34	7.26
Burdock's Blood Bitters.....	2 26	23rd Feb., 1934	0.174	.....	0.174	0.22	0.046	26.44	0.023	7.26
Burdock's Blood Bitters.....	10 95	June, 1933	0.822	.....	0.822	1.00	0.178	21.65	0.222	26.44
Burdock's Blood Bitters.....	10 95	6th Feb., 1934	0.844	.....	0.844	0.95	0.106	12.56	0.068	8.28
Burdock's Blood Bitters.....	32 85	3rd Mar., 1934	0.822	.....	0.822	0.95	0.128	15.57	0.046	5.46
Dodd's Kidney Pills.....	25 44	May, 1933	0.309	.....	0.309	0.37	0.061	19.74	0.019	6.15
Dodd's Kidney Pills.....	25 44	9th Feb., 1934	0.309	.....	0.309	0.37	0.061	19.74	0.019	6.15

Thermogene—Small.....	16.20	Feb., 1933	0.405	.....	0.405	0.42	0.015	3.70	0.37	0.035	8.70
Small.....	16.20	15th Mar., 1934	0.405	.....	0.405	0.45	0.045	11.11	.....	.....	.....
Wincamis.....	76.50	July, 1933	0.93	.....	0.93	1.12	0.19	20.43	0.98	0.05	5.38
Viatabs.....	5.30	June, 1933	0.795	.....	0.795	1.00	0.205	25.78	1.00	0.205	25.78
.....	2.65	31st Mar., 1934	0.817	.....	0.817	1.00	0.183	22.4	1.00	0.183	22.4
Eno's Fruit Salts—Household size	3,240.00	16th Feb., 1934	0.59	.....	0.59	0.69	0.10	16.95	0.57	0.02	3.40
Eno's Fruit Salts—Household size	1,188.00	10th May, 1933	0.701	.....	0.701	0.83	0.129	18.4	0.73	0.029	4.14
Pal—Medium.....	12.72	13th Mar., 1933	0.53	0.02	0.55	1.25	0.70	127.30	0.97	0.42	76.40
Pal—Medium.....	48.90	14th Feb., 1934	0.52	0.013	0.533	0.97	0.437	82.00	0.97	0.437	82.00

NOTE.—For the year ended 31st January, 1934, the gross profit of this department as a whole after deducting write-downs, shortages, and before work room wages and expenses was 36.76 p.c. on cost.

THE HUDSON'S BAY COMPANY—WINNIPEG STORE

GROCERY AND GROCETERIA DEPARTMENTS 300 AND 305

EXAMPLES OF PRICE SPREADS

SPECIAL COMMITTEE

Description of Goods	Order Amount	Invoice Date	Unit Invoice Cost	Sales Tax Freight and Duty	Total Unit Cost	Grocery Department 300						Grocery Department 305					
						Regular Selling Price	Regular Mark-up		Regular Selling Price	Regular Mark-up		Lowest Selling Price	Lowest Mark-up		Per-centage to Cost	Amount	Per-centage to Cost
							Amount	Per-centage to Cost		Amount	Per-centage to Cost		Amount	Per-centage to Cost			
Kellogg's Corn Flakes....	\$ cts. 325 00	Mar. 19, 1934	\$ 0.072	\$ 0.11	\$ 0.083	\$ 0.10	0.017	20.48	\$ 0.10	0.017	20.48	\$ 0.06	0.017	20.48	%	\$ 0.017	20.48
"Clover Leaf Label" 1's	70 00	Feb. 17, 1934	0.073	0.015	0.088	0.14	0.052	59.09	0.13	0.042	47.73	0.0833	0.005	6.02		0.005	6.02
Pink Salmon 48/1's...	1,008 00	Mar. 26, 1934	0.306	...	0.306	0.48	0.174	56.86	0.42	0.114	37.25	0.39	0.084	27.45		0.084	27.45
Nabob Coffee.....	3,885 00	Aug. 14, 1933	0.294	...	0.294	0.50	0.206	70.07	0.42	0.126	42.86	0.29	0.094	31.97		0.094	31.97
Nabob Tea.....	222 50	Mar. 28, 1934	0.084	...	0.084	0.11	0.026	30.95	0.10	0.016	19.05	0.083	0.001	1.20		0.001	1.20
Carnation Milk—48 Tall...	11.40	Feb. 16, 1934	0.077	...	0.077	0.12	0.043	55.84	0.11	0.033	42.86	0.11	0.033	42.86		0.033	42.86
Chicken Rice Soup—48/1																	
Aylmers.....																	
Corn Flakes—Sugar Crisp	1,250 00	Aug. 18, 1933	0.0575	0.009	0.0665	0.10	0.0335	50.37	0.09	0.0235	35.34	0.05	0.0165	24.80		0.0165	24.80
Pork and Beans 24/16...	114 00	June 27, 1933	0.0554	...	0.0554	0.09	0.0346	62.45	0.09	0.0346	62.45	0.05	0.0054	9.74		0.0054	9.74
Cheese, Chateau 12/1...	16 00	Aug. 11, 1933	0.2333	...	0.2333	0.29	0.0367	24.30	0.28	0.0467	20.02	0.20	0.0333	16.65		0.0333	16.65
P. & G. White Naphtha.	740 00	April 19, 1934	0.0333	0.0063	0.0336	...	...	...	0.04	0.0064	19.26	0.03	0.0036	11.80		0.0036	11.80
Aylmer Spinach 16 oz...	53 75	April 18, 1934	0.089	0.023	0.112	...	...	...	0.16	0.048	42.86	0.14	0.028	25.0		0.028	25.0
Old Dutch Cleanser.....	277 50	Jan. 3, 1933	0.077	0.001	0.078	...	...	...	0.10	0.0222	28.53	0.09	0.0122	15.68		0.0122	15.68
Tomato Soup.....	3,220 00	Aug. 3, 1933	0.0704	0.0005	0.0709	0.10	0.0291	41.04	0.09	0.0191	26.94	0.06	0.0109	15.37		0.0109	15.37

NOTE.—For the year ended 31st January, 1934, the gross profits of these departments after write-downs, shortages, etc., were: Grocery Department 24.58%, and Groceteria Department 14.8% on cost.

MEATS AND MEATETERIA—DEPARTMENTS 330 AND 310

PRICE SPREADS AND MASS BUYING

3581

Examples of Shipments

Description of Goods	Total Amount Ordered	Invoice Date	Unit Invoice Cost	Sales Tax Freight and Duty	Unit Laid Down Cost	Meats Department 330				Meateteria Department 310			
						Initial Selling Price	Initial Mark-up		Per-centage to Cost	Initial Selling Price	Initial Mark-up		Per-centage to Cost
							Amount	%			Amount	%	
	\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%	\$ cts.	\$ cts.	\$ cts.	%	
Pork Shoulders.....	12 15	Feb. 27, 1933	0 05	.....	0 05	0 11	0 06	120-0	0 10	0 10	0 05	100-0	
Jubilee Hams.....	17 00	Mar. 14, 1933	0 17	.....	0 17	0 25	0 08	47-1	0 24	0 24	0 07	41-2	
Shamrock Lard.....	180 00	Mar. 13, 1933	0 09	.....	0 09	0 12	0 03	33-3	0 11	0 11	0 02	22-2	
Sweet Pickled Cottage Rolls.....	19 68	Feb. 23, 1933	0 08	.....	0 08	0 13	0 05	62-5	0 12	0 12	0 04	50-0	
Pork Shoulders.....	32 49	Mar. 31, 1933	0 09	.....	0 09	0 11	0 02	22-2	0 10	0 10	0 01	11-1	
Pork Legs.....	114 16	Feb. 10, 1933	0 08	.....	0 08	0 10	0 02	25-0	0 09	0 09	0 01	12-5	
Premium Sliced Bacon.....	27 00	Feb. 16, 1933	0 18	.....	0 18	0 26	0 08	44-4	0 25	0 25	0 07	39-9	
Sweet Pickled Backs.....	19 63	Mar. 10, 1933	0 13	.....	0 13	0 25	0 12	92-3	0 24	0 24	0 11	84-6	
Pork Loins.....	32 00	Mar. 26, 1934	0 16	.....	0 16	0 20	0 04	25-0	.....	.....	.....	.....
Maple Lard Sliced Side 1's.....	4 95	Mar. 26, 1934	0 27½	.....	0 27½	0 40	0 12½	45-5	.....	.....	.....	.....
Beef Tenderloins.....	5 40	Oct. 2, 1933	0 15	.....	0 15	0 40	0 25	166-7	.....	.....	.....	.....
Calves Liver.....	33 20	Feb. 18, 1933	0 20	.....	0 20	0 28	0 08	40-0	0 27	0 27	0 07	33-0	
Beef Hinds.....	140 33	Mar. 28, 1934	0 07½	.....	0 07½	0 16	0 08½	113-3	0 14	0 14	0 06½	86-7	
Chickens A 5 pounds and up.....	64 40	Mar. 23, 1934	0 20	.....	0 20	0 27	0 07	35-0	.....	.....	.....	.....
A Fowl ¼.....	26 28	Mar. 26, 1934	0 12	.....	0 12	0 18	0 06	50-0	.....	.....	.....	.....
A Fowl ½.....	36 45	Mar. 26, 1934	0 13½	.....	0 13½	0 20	0 06½	48-1	.....	.....	.....	.....
A Fowl 5 up.....	38 70	Mar. 26, 1934	0 15	.....	0 15	0 22	0 07	46-7	.....	.....	.....	.....
B Turkeys 1½.....	75 53	Mar. 9, 1933	0 13	.....	0 13	0 20	0 07	53-8	.....	.....	.....	.....
Turkeys.....	57 59	Feb. 13, 1933	0 13	.....	0 13	0 20	0 07	53-8	.....	.....	.....	.....
Fresh Turkeys.....	39 91	Oct. 4, 1933	0 13	.....	0 13	0 20	0 07	53-8	.....	.....	.....	.....
Fresh Fowl ¼.....	28 60	Sept. 29, 1933	0 14	.....	0 14	0 16	0 05	45-5	.....	.....	.....	.....
Fresh Fowl ½.....	11 76	.....	0 14	.....	0 14	0 22	0 08	57-1	.....	.....	.....	.....
Chicken.....	52 50	Mar. 29, 1933	0 12½	.....	0 12½	0 14	0 01½	12-0	.....	.....	.....	.....
No. 2 Turkeys.....	53 91	Dec. 7, 1933	0 09	.....	0 09	4 55	1 55	51-7	0 10	0 10	0 01	11-1	
Oysters.....	9 00	Mar. 15, 1933	3 00	.....	3 00	1 00	0 23	29-9	.....	.....	.....	.....
Milker Herrings.....	29 00	Oct. 4, 1933	0 58	0 19	0 77	0 20	0 05	33-3	0 19	0 19	0 04	26-7	
Turkeys A Grade.....	742 80	Dec. 22, 1933	0 15	.....	0 15	0 16	0 03	23-1	0 15	0 15	0 02	15-4	
Turkeys B Grade.....	133 51	Dec. 22, 1933	0 13	.....	0 13	0 18	0 05	38-5	0 17	0 17	0 04	30-8	
Turkeys B Grade—Special 10 lbs. ave.....	143 65	Dec. 22, 1933	0 13	.....	0 13	0 20	0 07	53-8	0 19	0 19	0 06	46-2	

NOTE:—The selling prices given above were taken from advertisements wherever possible. In the cases for which advertisements could not be located the assistant manager, Mr. T. Edmondson, furnished approximate figures, no records having been kept.

NOTE:—For the year ended 31st January, 1934 the gross profits of these departments as a whole, after write-downs, shortages, and before work-room wages and expenses were Meats 40-75% and Meateteria 36-59% on cost.

HUDSON'S BAY COMPANY—WINNIPEG STORE

MEATS AND MEATETERIA—DEPARTMENTS—330 AND 310

EXAMPLES OF PRICE SPREADS—CARCASS MEATS

Description	Date of Invoice	Invoice cost per pound	*Average Selling Price in Service Meats		Average Mark-up	
			Date	Amount	Amount	Percentage to Cost
		\$ cts.		\$ cts.	\$ cts.	
Standard Beef.....	Mar. 21, 1933..	0.0475	Mar. 21, 1933..	0.0843	0.0368	77.5
Red Ribbon Beef.....	Mar. 15, 1933..	0.07	Mar. 21, 1933..	0.1053	0.0353	50.4
Standard Beef.....	Oct. 4, 1933..	0.04	Oct. 13, 1933..	0.0821	0.0421	105.2
Red Ribbon Beef.....	Oct. 11, 1933..	0.08	Oct. 13, 1933..	0.1367	0.0567	70.9
Standard Beef.....	April 10, 1934..	0.07	April 13, 1933..	0.1048	0.0348	49.7
Red Ribbon Beef.....	April 17, 1934..	0.09	April 13, 1933..	0.1440	0.0540	60.0
Fresh Veal.....	Mar. 20, 1933..	0.055	Mar. 18, 1933..	0.0781	0.0231	42.0
Fresh Veal.....	Oct. 13, 1933..	0.04	Oct. 13, 1933..	0.0729	0.0329	82.2
Fresh Veal.....	April 13, 1934..	0.06	April 13, 1934..	0.0993	0.0393	65.5
Frozen Lamb.....	Mar. 18, 1933..	0.11	Mar. 18, 1933..	0.1776	0.0676	61.5
Fresh Lamb.....	Oct. 11, 1933..	0.09	Oct. 13, 1933..	0.1491	0.0591	65.7
Frozen Lamb.....	April 5, 1934..	0.095	April 12, 1934..	0.1726	0.0776	81.7

*NOTE:—The Average Selling Price was obtained by accepting the Meat Department's tests of yield on carcasses and then, determining the selling price of the various cuts from the advertised prices on or about the specified dates, and where such could not be located Mr. T. Edmondson furnished approximate prices, we calculated the average selling price per pound for a carcass.

NOTE:—For the year ended 31st January, 1934, the gross profit of the Meats department as a whole after write-downs, shortages, and before workroom wages and expenses, was 40.75% on cost.

Mr. SOMMERVILLE: If you will just cover your narrative, we will perhaps cover it more quickly.

The WITNESS: Statement D-1 shows in a summarized form what is shown on the statement behind for each department, and the same thing applies to D-2, D-3, D-4 for the Vancouver, Calgary and Edmonton stores.

Mr. SOMMERVILLE: Take the first statement.

The WITNESS: The first department on which we have price spreads statements is the furniture department, Winnipeg store.

The CHAIRMAN: What statement is that?

The WITNESS: Statement 220-1, Department 220; it comes after D-4.

By Mr. Sommerville:

Q. Now, look at D-1 for a moment. This gives the range of mark-ups, high and low, on the various departments?—A. The range of those examples which we selected.

Q. And the examples selected cover representative orders?—A. So far as we could judge they did.

Q. A substantial amount running from 20 to 40 per cent?—A. Yes.

Q. And in furniture they range from 144 per cent to 10 per cent below cost.—A. Yes.

The CHAIRMAN: A loss leader, apparently. 52 card tables. There must have been some bridge parties.

Mr. SOMMERVILLE: There is one item where it refers to 52 card tables.

The WITNESS: That is the only item on the furniture that was sold at a loss.

The CHAIRMAN: Bought at \$1.10 and sold at 98 cents.

By Mr. Sommerville:

Q. Clothing runs from suits with a mark-up from 43 per cent to 75 per cent, coats 48 per cent to 65 per cent, sundries, 32 per cent to 83 per cent?—A. Yes.

Q. Boys' clothing 46 per cent to 64 per cent?—A. Yes.

Q. And for coats 44 per cent to 70 per cent. Sundries 9 per cent to 82 per cent?—A. Yes.

Q. And in the cheaper grades of men's and boys' suits the mark-up is from 35 per cent to 60 per cent and from 47 per cent to 65 per cent and from 2 per cent to 71 per cent?—A. 3 per cent to 71 per cent.

Q. Here are women's coats and suits marked up from 65 per cent to 151 per cent and coats from 46 to 129 per cent?—A. Yes.

Q. Women's dresses and suits 33 to 134 per cent. Women's knitted and other sportswear 34 per cent to 145 per cent. Cheaper grades of women's coats and dresses, 24 per cent to 106 per cent. Coats from 26 to 89 per cent. Cheaper grades of women's dresses and underwear from 25 per cent to 198 per cent?—A. Yes.

Q. Electrical appliances—washing machines, 34 per cent to 102 per cent. Wall paper from 10 per cent to 268 per cent?—A. Yes.

Q. That represents borders only?—A. 268 per cent represented a very small percentage of borders.

Q. That, probably, is not a representative item. Drugs. You have a number of loss leaders here—14.20 per cent?—A. Yes, that is a loss.

Q. Up to 82 per cent?—A. Yes.

Q. Let us look at furniture. Here you have the first item from Granby, Quebec—chairs?—A. Total amount ordered \$200. In this case laid down including sales tax, freight and duty, \$1.21, initial selling price \$1.75, amount of initial mark-up 54 cents, 44.7 per cent on cost. Ladder back walnut laquer, total amount ordered \$150, laid down unit cost \$3.64, initial selling price \$5.95, initial mark-up \$2.31, 63.5 per cent on cost. Folding chairs \$130 worth. Laid down cost per unit \$1.57, initial selling price \$2.50, initial mark-up, 92 cents, percentage to cost 58.6 cents. Unfinished chairs, \$300 worth. Laid down unit cost, 72-7/10 cents, initial selling price \$1, initial mark-up 27-3/10 cents, 37.6 per cent on cost.

Q. Bedroom suite?—A. Five piece bedroom suite, \$1,500 worth. Laid down unit cost \$87.22, initial selling price \$149, initial mark-up \$61.78, 70.8 per cent on cost.

Q. Mahogany beds?—A. No. 372. Order \$144. Unit laid down cost \$13.88, initial selling price \$22.50, initial mark-up \$8.62, 62.1 per cent on cost.

Q. Five-piece bedroom suites?—A. \$1,875 worth. Unit laid down cost \$87.15, initial selling price \$149, initial mark-up \$61.85, 71 per cent on cost.

Q. Colonial beds?—A. Walnut. Order \$289.50, unit laid down cost \$11.43, initial selling price \$19.50, initial mark-up \$8.07, 70.6 per cent on cost.

Q. Book-cases?—A. \$160 worth. Laid down cost \$6.14, initial selling price \$12.50, initial mark-up \$6.36, 103.6 per cent on cost.

Q. Chesterfield suites?—A. Three-piece walnut No. 3220. Order \$1,680, laid down cost \$73.57, initial selling price \$125, initial mark-up \$51.43, 69.9 per cent on cost.

Q. And the maintained gross profit after write-downs and shortages?—A. And before workroom wages and expenses, 42 per cent on cost.

Q. And that department in its operations for the year—A. —ending 31st January, 1934, showed a loss of \$34,447 according to the company's books.

Q. And for the past ten years—A. Nine years at least has shown losses consistently.

Q. Men's clothing, 180-1?—A. Four-piece men's suits, \$2,608.55, unit laid down cost \$13.66, initial selling price \$22, initial mark-up \$8.34, 61.1 per cent on cost. Next item: four-piece men's suits satin body lining, \$752 worth. Unit laid down cost \$25.63, initial selling price \$45, initial mark-up \$19.37, percentage on cost 75.6 per cent. Next item: 4-piece men's suits fully basted, \$782 worth, unit laid down cost \$12.44, initial selling price \$18.95, initial mark-up \$6.51, 52.3 per cent. Next item: 4-piece "Stylecrest" men's suits, order \$1,111.50, laid down cost \$20.91, initial selling price \$35, initial mark-up \$14.09, percentage to cost 67.4 per cent; 4-piece "Hudsonia" men's suits, unit cost laid down \$17.18, initial selling price \$29, initial mark-up \$11.82, 68.8 per cent on cost; 4-piece "Hudsonia" men's suits, order \$2,304, unit cost laid down \$17, initial selling price \$29, initial mark-up \$12, 70.6 per cent on cost.

Q. Four-piece men's suits, \$2,334.50?—A. Laid down cost \$12.34, initial selling price \$21, initial mark-up \$8.66, 72.2 per cent on cost.

Q. Men's overcoats?—A. Carrs Elysian cloths included, order \$2,970. Unit laid down cost \$19.32, initial selling price \$29.50, initial mark-up \$10.19, 52.7 per cent on cost.

Mr. HEAPS: Was there not some dispute about these Carrs Elysian coats—that they could not be made at that price?

Mr. SOMMERVILLE: This includes some. They cannot be made at that price.

Mr. HEAPS: How did they get them?

Mr. SOMMERVILLE: They are included—

Mr. HEAPS: Averaged.

Mr. SOMMERVILLE: They are included in this \$2,970 order—some of them are included—and the total is at a single price.

Mr. HEAPS: How many of the Carrs Elysian coats were there in that order?

The WITNESS: I will make a note and find out later.

By Mr. Sommerville:

Q. On the next page there are some overalls made in Winnipeg.—A. Blue Hibac overalls, \$149.94 worth. Unit laid down cost \$1.26, initial selling price \$1.90, initial mark-up 64 cents, 50.8 per cent on cost.

Q. Next item?—A. Gray flannel pants, \$330 worth. Unit laid down cost \$2.38, initial selling price \$3.95, initial mark-up \$1.57, 66 per cent on cost.

Q. Men's sheep coats and windbreakers?—A. Order \$240. Unit laid down cost \$6.54, initial selling price \$10.50, initial mark-up \$3.96, 60.6 per cent on cost.

Q. Take the next?—A. Men's sheep coats and windbreakers \$264 worth. Unit laid down cost \$7.19, initial selling price \$10.50, initial mark-up \$3.31, 46.1 per cent on cost.

Q. And that department made—A. After write-downs and shortages, etc., and before workroom wages and expenses the gross profit was 45.3 per cent on cost, and the operations for the year resulted in a loss of \$1,973.

Q. And the operations of this department for years past—A. Showed losses consistently.

The CHAIRMAN: Net losses.

The WITNESS: Net losses consistently.

By Mr. Sommerville:

Q. Boys' Clothing?—A. That is statement 185.

Q. Let's have the first group?—A. Boys' suits all styles: An order for \$1,843.75; unit laid down cost \$6.78, initial selling price \$9.95, an initial mark-up of \$3.17 or 46.8 per cent on cost. The next item is \$464.10: Unit laid down

cost \$9.88, initial selling price \$15, an initial mark-up of \$5.12 or 51.8 per cent. These are all from the same concerns.

The CHAIRMAN: There are a group of five items from the same firm.

Mr. SOMMERVILLE: But they are different prices.

The CHAIRMAN: They run from 82 per cent down to 46 per cent.

By Mr. Sommerville:

Q. Further down, overcoats and top coats?—A. There is an item for \$145.20, boys' top coats in various styles; Unit laid down cost was \$6.57, the initial selling price is \$9.95, an initial mark-up of \$3.38 or 51.4 per cent of cost. The next item is \$442.17: total unit cost \$9.41, initial selling price \$15, initial mark-up \$5.59, or 59.4 per cent of cost.

Q. And from the same company, the next item?—A. Boys' Gradster Overcoats, \$377.30: total unit cost \$11.70, initial selling price \$20, a mark-up of \$8.30, or 70.9 per cent on cost.

Q. Now let us have Boys' Sheep Windbreakers?—A. An order for \$350: Unit cost \$1.92, initial selling price \$2.79, initial mark-up of 87 cents or 45.4 per cent on cost.

Q. Boys' Longs?—A. An order for \$280: Unit laid down cost \$1.26, initial selling price \$1.95, a mark-up of 69 cents or 54.8 per cent.

Q. The next one?—A. Boys' Assorted Drill Longs, \$132: Unit cost \$1, initial selling price \$1.69, initial mark-up 69 cents, or 69 per cent on cost.

Q. And the maintained profit on that?—A. After allowing for write-downs, shortages, etc., and before workroom wages and expenses it was 43.39 per cent on cost for the year ended the 31st January, 1934. The Department showed a loss of \$3,644, and showed a loss consistently for the last seven years.

Q. Men's and Boys' Clothing Department, 860—you have here mark-ups ranging from—take the two lowest?—A. Ranging from 63.2 to 35 per cent for suits, and from 65 to 47 per cent on coats, and from 71.7 to 2.92 on sundries.

Q. The total maintained mark-up for that department was?—A. On the same basis as for the others it was 43.49 per cent on cost.

Q. And that department was included with the other departments, showing a consistent loss?—A. In this separate department it shows a profit on the 31st January, 1934, of \$2,749.

By the Chairman:

Q. With losses in the other years?—A. Yes, the other years it showed losses.

By Mr. Sommerville:

Q. Women's Suits and Coats, department 140—take the top item?—A. Coats—crepe lined. An order for \$344: the total unit cost is \$8.70, the initial selling price is \$14.95, an initial mark-up of \$6.25 or 71.84 per cent on cost.

Q. The next item?—A. An order for suits—assorted styles, \$494.50: the unit cost was \$21.825, the initial selling price was \$39.50, an initial mark-up of \$17.675 or 80.99 per cent on cost.

Q. The next?—A. Coats, two styles—\$150.75: total unit cost was \$17.74, the initial selling price \$29.50, an initial mark-up of \$11.76, or 66.18 per cent.

Q. Yes. Further down there are some coats, a group of styles—231 H, 313 H, etc.?—A. That is an order to the amount of \$430: the unit laid down cost was \$11.40, the initial selling price was \$19.95, a mark-up of \$8.55 or 75 per cent on cost.

Q. Raincoats, assorted?—A. That is an assortment of raincoats amounting to \$2: these were sold at three different prices, the total unit cost was \$2.17; six were sold at \$6.95, 72 at \$2.95, 22 at \$4.95.

Q. The average mark-up was—?—A. The average initial mark-up percentage was 66.9.

Q. Just below that you have some coats from Winnipeg under three or four styles?

By Mr. Kennedy (Peace River):

Q. How do you account for that tremendous spread in the mark-up?—A. Do you mean in the raincoats?

Q. Yes, it varies from 35 to 219 per cent?—A. Yes, it was an assortment of coats.

Q. Was there a difference in the coats?—A. I presume there was, they were described as special raincoats, assorted; I think that the "assorted" would indicate that there were.

By Mr. Sommerville:

Q. Then here are some coats—clearing?—A. That order amounts to \$210; The initial cost was \$7.42, the initial selling price \$14.95, a mark-up of \$7.53 or 101.48 per cent.

Q. Then here are some coats, style 515 G, 525 A etc?—A. That is an order for \$184; the total unit cost was \$12.19, the initial selling price \$24.75, a mark-up of \$12.56, or 103.04 per cent on cost.

Q. Fur-trimmed coats from Montreal?—A. An order for \$840; Unit laid down cost was \$16.385; these were sold at different prices, 36 sold at \$24, 6 at \$34, and 14 at \$39; the average mark-up percentage on the group was 75.9 per cent on cost.

By Mr. Heaps:

Q. What kind of fur were they trimmed with?—A. I could not say.

Mr. SOMMERVILLE: It just says fur-trimmed coats.

The WITNESS: Probably assorted coats.

Mr. KENNEDY (Winnipeg): Oh, it might be cats, or rabbits.

By Mr. Sommerville:

Q. The next item?—A. Assorted ladies coats, (black chamois lined), an order for \$385: the initial cost was \$12.05; they were sold in four lots, 7 at \$29.50, 2 at 23.95, 1 at \$19.95, and 25 at \$18.95; an initial mark-up percentage on cost of 77.04.

Q. Take this one, coats of various styles?—A. An order for \$165: the initial cost of the coats was \$17.89, the initial selling price was \$29.50, an initial mark-up of \$11.61 or 64.9 per cent on cost.

Q. Here is another one, coats—various styles, chamois inter-lined—\$518?—A. The total unit cost was \$32.62, the initial selling price was \$75, a mark-up of \$42.37, or 129.89 per cent on cost.

Q. And the maintained average of that whole department was—?—A. After allowing for write-downs, shortages, etc. and before work-room wages and expenses, it was 59.52 per cent on cost.

Q. It showed a loss last year?—A. Of \$914, a profit of \$3,097 the previous year, a loss the year prior to that, a profit of \$12,950 in 1929-30, losses the three years before that.

Q. And from 1927 the gross profit margin has been increased from 33 per cent in that year to 56 per cent in 1934?—A. To 56 per cent in 1934, yes.

By Mr. Heaps:

Q. Does a person purchasing a coat which does not fit—does the firm alter such garments free of charge?—A. They make alterations, they maintain alteration rooms for coats, both ladies and men.

Q. Is that the reason for the higher mark-ups in these ladies' coats?—A. No, I think the higher mark-up in ladies' coats is due to the fact of styles changing, they have to sell them within the season because of style changes.

By Mr. Sommerville:

Q. Women's Dresses, Department 145; the top item?—A. Assorted faille dresses, \$113.75: The Unit cost was \$9.27, the initial selling price was \$15, a mark-up of \$5.73 or 61.8 per cent on cost.

Q. Two items below that?—A. Dresses, an order for \$161.50: the unit cost \$5.37, the initial selling price \$8.95, an initial mark-up of \$3.58 or 66.6 per cent on cost.

Q. Here are a number of assorted dresses in a \$400 order?—A. The unit price was \$4.34; they were sold in four lots, 107 at \$7.95, 5 at \$8.95, 4 at \$10.95 and 1 at \$12.95; the average mark-up percentage on cost was 87.5.

Q. I notice that that group runs from 83.1 to 198.3 per cent?—A. Yes.

Q. The next item?—A. Assorted, printed jacket dresses—

Q. No, further down, assorted dresses?—A. An order for \$743.75; total unit cost \$4.60 initial selling price \$7.95, an initial mark up of \$3.35, or 72.8 per cent on cost.

Q. Here is a big order of \$1,840 for dresses?—A. The unit laid down cost is \$6.21; they were sold in four lots, 55 sold at \$14, 79 at \$10, 62 at \$8.95, and 92 at \$6; the mark-up varied— \$7.79, \$3.79, \$2.74, and one loss of 21 cents, and the percentage on cost ranged from a minus 3.4 to 125.4.

Q. Further down is an item of dresses \$272?—A. The total unit cost was \$4.28 laid down; of the group 17 were sold at \$10.95, 12 at \$15, 31 at \$8.95 and 8 at \$4.95; the average percentage on cost in the mark-up was 134.7, varying from 15.6 for eight dresses to 250.4 for 12 dresses.

Q. The next item?—A. \$47.50.

Q. Never mind, that is a small item. The gross profit on that department was \$3,651?—A. \$3,651 before allowing for work-room wages and expenses—the department showed a loss for the year ending the first of January, 1934, of \$20,871, and showed losses consistently for eight years.

Q. Women's Sports Wear, Department 150—that shows a spread of?—A. A maintained mark-up of 45.74 per cent on cost, before work-room wages and expenses are taken off, and after write-downs, shortages, etc.

Q. And that department shows a loss for last year?—A. It shows a loss of \$3,453 for last year, and consistent losses for ten years.

Q. And from 1927 to the present time it shows an increase in the mark-up of from 26 per cent to 43 per cent?—A. Yes.

Mr. ILSLEY: That is a rather accidental figure.

Mr. SOMMERVILLE: Well, 33 per cent the year before.

The WITNESS: It is probably not fair to take that, that was before the Winnipeg store opened.

By Mr. Sommerville:

Q. The year after that would be?—A. The year after that would be 40 per cent.

Q. And the range of percentage for the others is indicated here?—A. Yes.

Q. Then comes the basement, women's coats and dresses department 830; the maintained average mark-up was?—A. 38.05 per cent on cost.

Q. And the mark-ups ran from an average of 40.7 to an average of 106.8 per cent?—A. For dresses it runs from 24.3 per cent to 106 per cent, and for coats it runs from 26 per cent to 89 per cent.

Q. And that department showed what last year?—A. It showed a loss of \$1,699 for the year ending the 30th January, 1934.

Q. And?—A. Showed losses for six years and a small profit in 1927—the department was only opened in December of 1927.

Q. What department?—A. Women's Dresses and Underwear.

Q. This is cheaper goods again, take the top item?—A. Department No. 850.

Q. Take the top item?—A. Unit laid-down cost \$1.45; initial selling price, \$1.95, initial mark-up 50 cents or 34.4 per cent to cost.

Q. The next item?—A. Wool crepe skirts, unit laid-down cost \$1.23; initial selling price \$1.89; initial mark-up 66 cents or 53.6 per cent to cost.

Q. Then the next item, assorted blouses?—A. Unit laid down cost \$1.27; initial selling price \$1.95; initial mark-up 68 cents or 53.5 per cent of cost.

Q. Then assorted suede art taffeta slips?—A. Laid down cost 66 cents; initial selling price \$1, initial mark-up 34 cents or 51.5 per cent of cost.

Q. Print hoovers?—A. Unit laid down cost 66 cents; initial selling price \$1; initial mark-up 34 cents or 51.5 per cent of cost.

Q. And the maintained gross profit in this department?—A. Was 45.69 per cent after write-downs and shortages.

Q. And for the past five years?—A. Showed a loss of \$546 last year and consistent losses for the past six years.

Mr. KENNEDY (*Peace River*): Are they losing in all departments right along?

The CHAIRMAN: Apparently.

By Mr. Sommerville:

Q. Then men's and boys' shoes?—A. Department No. 210.

Q. The first item?—A. Men's black calf blucher and brogue oxfords, an order of \$673.20, unit laid-down cost \$2.80; initial selling price \$4.85; initial mark-up \$2.05 or 73.2 per cent of cost.

Q. The next item?—A. Men's calf and kid oxfords, unit laid-down cost \$5.68, initial selling price \$9.50, initial mark-up \$3.82 or 67.3 per cent of cost.

Q. Then two items below that?—A. Men's oxfords \$745.08, unit cost laid down \$4.13; initial selling price \$7, initial mark-up \$2.60 or 69.5 per cent of cost.

Q. And the next item?—A. Oxfords again, \$1,187.20, unit cost laid down \$3.35, initial selling price \$6, initial mark-up \$2.65 or 79.1 per cent of cost.

Q. The next item?—A. Oxfords, an order of \$451.50, unit cost laid down \$3.58, initial selling price \$6, initial mark-up \$2.32 or 63.0 per cent of cost.

Q. And men's Senator Fitalls?—A. An order of \$238.40, unit cost laid down \$2.71, initial selling price \$3.25, initial mark-up \$1.04 or 38.4 per cent of cost.

Q. And the total maintained gross profit in that department?—A. 48.79 per cent after write-downs, shortages, etc.

Q. And that department showed?—A. A profit of \$939 last year, and has shown losses for seven years prior.

Q. For seven prior years it showed losses?—A. Yes.

Q. That department shows an increasing gross percentage mark-up of?—A. From the year 1927-28 it was 35.31 per cent increasing to 45.96 per cent last year.

Q. Women's and misses' shoes?—A. Department No. 215.

Q. What do the mark-ups run there?—A. They run from 24.5 per cent to 86.5 per cent.

Q. What was the maintained average in that department?—A. The maintained average in that department was 48.6 per cent after write-downs, shortages, etc.

Q. And that department's operations?—A. Showed a profit in the year ending January 31, 1934, of \$6,075, and it showed losses for eight years prior.

Q. And what is the result of the gross profit percentage?—A. Starting in 1927-28 it showed 37·51 per cent increasing to 46·15 per cent. It varied in the interim period.

Q. The next department, men's and women's shoes, in the basement?—A. Department No. 870.

Q. Take the first item?—A. Men's oxfords, \$144, unit laid down cost \$1.30, initial selling price \$1.89, initial mark-up 59 cents or 45·4 per cent of cost.

Q. Here is an item of \$1,053 from Quebec?—A. Youths' and boys' blucher boots, \$1,053, unit laid down cost \$1.33, initial selling price \$1.95, initial mark-up 61 cents or 45·8 per cent of cost.

Q. Above that you have got men's "Club", "Triplex" and "Unity" oxfords?—A. \$846.58, unit laid down cost \$2.69, initial selling price \$5, initial mark-up \$2.31 or 85·9 per cent of cost.

Q. Further down men's black gunmetal side blucher?—A. Men's black gunmetal side blucher \$468, unit laid down cost \$1.73, initial selling price \$2.98, initial mark-up \$1.25 or 72·3 per cent of cost.

Q. And further down you have reinforced running shoes?—A. Boys' brown reinforced running shoes \$422.50, unit laid down cost 46 cents, initial selling price 59 cents, initial mark-up 13 cents or 28·3 per cent of cost.

Q. And here are horsehide moccasins?—A. Boys' low cut horsehide moccasins \$735 order, unit laid down cost 68½ cents, initial selling price \$1.25, initial mark-up 56 cents, or 82·5 per cent of cost.

Q. And men's rubbers?—A. Men's rubbers, a very small order of \$28.20.

Q. Then women's black kid shoes?—A. Women's black kid shoes, \$1,296 order, unit laid down cost \$1.39, initial selling price \$1.98, initial mark-up 58½ cents or 41·9 per cent of cost.

Q. And you have here some women's pumps, ties and straps, \$585.90?—A. Women's pumps, goves, straps and ties, \$585.90 order, unit laid down cost \$1.46, initial selling price \$2.98, initial mark-up \$1.51 or 103·2 per cent of cost.

Q. And at the foot of the page, rubbers and overshoes running from a mark-up of what?—A. From 19½ to 51·4 per cent on cost.

Q. And the operations of that department in the basement?—A. Showed a profit of \$4,702 last year; showed a small loss the two previous years, and a profit the three years prior to that.

Q. Then washing machines?—A. Department No. 287.

Q. The top item?—A. Thermo 21 Monel Electric Washer, total amount of order \$86.13; that is the unit cost, it must have been one machine; initial selling price \$159.50, initial mark-up \$73.30, or 85·19 per cent of cost.

Q. Here is one, Model A washing machines, \$1,000?—A. Model A washing machines, \$1,000 order, unit laid down cost \$44, initial selling price \$64.50, initial mark-up \$20.50 or 46·59 per cent of cost.

Mr. SOMMERVILLE: That is a company about which we will have a report later.

By Mr. Sommerville:

Q. Then there is another one \$1.925?—A. Rideau washing machines, \$1,925 order, unit laid down cost \$38.50; initial selling price \$59.50, initial mark-up \$21 or 54.55 per cent of cost.

By Mr. Heaps:

Q. Were any of these machines made in Winnipeg?—A. There are some agencies in Winnipeg; they carry their warehouses there, but the machines are made here and shipped out to Winnipeg.

By Mr. Sommerville:

Q. And the maintained gross profit on that department?—A. 31.43 per cent.

Q. And last year's operations?—A. It has only been operating for two years; it showed a profit of \$2,467.

Q. Then wall papers?—A. Department No. 290. The first item \$146.50, unit laid down cost 7 9/10 cents, initial selling price 10 cents, initial mark-up 2 1/10 cents or 26.58 per cent of cost.

Q. And below that an item of \$80?—A. \$80 for hangings, unit laid down cost .197 cents, initial selling price 30 cents, initial mark-up .103 cents or 52.28 per cent of cost.

Q. And the next item?—A. \$34, unit laid down cost .0881 cents, initial selling price 15 cents, initial mark-up .062 cents or 70.73 per cent.

Q. And the maintained gross profit in this department?—A. Was 64.70 per cent after write-downs, shortages, etc., and showed a loss last year of \$2,550 and has shown losses for seven years consistently. Prior to that date it was operated on a percentage basis by outside people.

Q. And when they took it over it started showing losses?—A. Yes.

Q. Now drugs?—A. Department No. 115.

The CHAIRMAN: There are a number of loss leaders here.

By Mr. Sommerville:

Q. First of all take Absorbine Jr.—A. In this case I show the regular selling price, the regular mark-up then the lowest selling price and the lowest mark-up.

Q. Yes?—A. Absorbine Jr., a purchase of \$135, the unit cost .816 cents; the regular selling price 98 cents; regular mark-up .164 or 20.10 per cent; the lowest selling price was .88 cents, lowest mark-up .064 or 7.85 per cent on cost.

Q. Now coming down to Phillips Milk of Magnesia?—A. Phillips Milk of Magnesia, 12 oz. bottle, an order of \$270, unit laid down cost .338 cents; regular selling price .43 cents, regular mark-up .092 cents or 27.22 per cent on cost; lowest selling price .29 cents, lowest mark-up .084 cents or 14.20 cents percentage of loss.

Q. That is a sale at 4 8/10 cents below cost?—A. Below cost.

By Mr. Heaps:

Q. Are there any rebates given to the firm on those articles?—A. There are rebates given by a number of supply firms. I do not know at the moment whether this is one of them; I have a list of them in my papers.

Mr. SOMMERVILLE: You mean a rebate for the loss leaders?

Mr. HEAPS: A rebate in a general way on the amount of purchases.

Mr. SOMMERVILLE: That is taken into the cost, but this shows a direct loss.

Mr. HEAPS: I wonder if there are any loss leaders which they advertise where the wholesaler or the manufacturer lost anything.

The WITNESS: You mean to the stores other than the department stores?

Mr. HEAPS: No, the departmental stores.

The CHAIRMAN: Where there is some rebate given to make that good.

The WITNESS: We found a number of rebates from drug companies.

By the Chairman:

Q. You have already given us those?—A. Yes.

Q. They are very small?—A. As a total they are very small.

By Mr. Sommerville:

Q. The next loss leader is milk of magnesia again, \$270 worth at a loss of 4.8/10 cents.—A. The same figures exactly.

Q. The next loss leader is Pinkham's Vegetable Compound?—A. An order of \$120, unit laid down cost 89 cents, regular selling price \$1, regular mark-up 11 cents or 12.36 per cent; lowest selling price 88 cents, or a loss of 1 cent or 1.13 per cent of cost.

Q. Then lower down you get Dodd's Kidney Pills, \$25.44 order, unit laid down cost .309 cents; regular selling price 37 cents; regular mark-up .061 cents or 19.74 per cent; lowest selling price .29 cents; lowest mark-up .019 cents or 6.15 per cent of cost.

By the Chairman:

Q. Two items the same?—A. Yes, Mr. Chairman, two items the same.

By Mr. Sommerville:

Q. Thermogene sold as a loss leader, at 8.70 per cent?—A. 8.70 per cent.

Q. And the next one, Eno's Fruit Salts, another loss leader?—A. An order of \$3,240.

Q. Sold as a loss leader?—A. Sold at a loss of 2 cents, or 3.40 per cent.

Q. 2 cents a bottle less than they cost?—A. Yes.

Q. And that department had a mark-up of what?—A. A maintained mark-up of 36.76 per cent on cost, showed a loss on operations for the year ending January, 1934, of \$3,020; showed a loss on every year for the last ten years.

Q. The operations for the year you have given us?—A. I gave those, a loss of \$3,020.

Q. And for the last ten years?—A. Shows a loss.

Q. Shows a consistent loss?—A. Yes.

Q. The next is the grocery department?—A. This covers the grocery and groceteria department; and in the case of the groceteria is shown the regular mark-up and the lowest mark-up.

Q. This is interesting. This is where they feature a number of loss leaders. Take the first one, Kellogg's Corn Flakes?—A. An order of \$325, unit laid down cost 8½ cents. The grocery department regular selling price, 10 cents; mark-up, 17½ cents or 20.48 per cent. In the groceteria department the regular selling price was 10 cents, a mark-up of 17½ cents, or 20.48 per cent; lowest selling price, 6 cents, a loss of 17½ cents or a loss of 20.48 per cent on cost.

Q. The next is Clover Leaf label salmon, which is a loss leader?—A. An order of \$70.

Q. 6.02 per cent below cost?—A. 6.02 per cent loss on cost.

Q. Then take Carnation Milk, which sold at 1.20 per cent below cost?—A. Yes.

Q. Corn flakes sold at 16½ cents below cost or 24.80 per cent?—A. 24.80 per cent, yes.

Q. Pork and beans?—A. Sold at 5½ cent or 9.74 per cent loss.

Q. And Chateau Cheese?—A. Chateau Cheese sold at ½ of a cent loss.

Q. Less than cost?—A. Less than cost, or 16.65 per cent on cost.

Q. An interesting thing there is it was a purchase of only \$16 worth?—A. Yes.

Q. To make it a loss leader?—A. That is right.

Q. \$740 of Naptha soap?—A. Naptha soap, lowest selling price was 3 cents, regular selling price 4 cents.

Q. A loss leader of 11 per cent?—A. A loss leader of 11.8 per cent on cost.

Q. And Campbell's soup?—A. An order of \$3,220 sold in the grocery department at 10 cents or 41.04 per cent mark-up on cost. In the groceteria it sold at

9 cents or a 26·94 per cent mark-up on cost; and as a loss leader, that is at 6 cents, or 15·37 per cent loss on cost.

Q. And the grocery department had a maintained average profit of what?—A. 24·58 per cent, and the groceteria, 14·8 per cent on cost.

Q. And last year?—A. The grocery department showed a loss of \$7,048; last year the groceteria showed a profit of \$16,522.

Q. The grocery department in its operations for the last ten years showed what?—A. Showed losses except in two years, 1930-31 and 1932-33.

Q. And the groceteria department?—A. Showed losses in 1931-32 and 1932-33; a profit in 1930-31; a loss in 1929-30; a profit in 1928-29, a loss in 1927-28. It was not consistent.

Q. The next is meats and meateteria?—A. Yes, meats and meateteria.

The CHAIRMAN: It gives an illustration there of what they call standard beef selling with the red ribbon beef and running about half the price. It is rather a good commentary on the packing house evidence we had a while ago, or at least the evidence in connection with the packing industry.

By Mr. Sommerville:

Q. Take the meateteria, Winnipeg—standard beef?—A. That is in the carcass meats?

Q. Yes, in the carcass meats?—A. For standard beef the invoice cost per pound was $4\frac{3}{10}$ cents; the average selling price in service meats, $8\frac{4}{10}$ cents; the average mark-up, $3\frac{6}{10}$ cents or 77·5 per cent.

Q. The next is red ribbon beef?—A. Yes. The invoice cost per pound was 7 cents, at practically the same date—within a few days of the same date. The average selling price in service meats was $10\frac{1}{2}$ cents; the average mark-up, $3\frac{1}{2}$ cents, or 50·4 per cent on cost.

Q. The next is standard beef?—A. Standard beef, on October 4, 1933, invoice cost per pound, 4 cents; average selling price, $8\frac{2}{10}$ cents, an average mark-up of $4\frac{2}{10}$ cents or 105·2 per cent on cost.

Q. Red ribbon beef next to that?—A. Within a week, 8 cents per pound.

By Mr. Young:

Q. Those are the same cuts, I suppose?—A. They are carcasses, and the selling price shown is built up with the same cuts. The average selling price was $13\frac{6}{10}$ cents; the average mark-up, $5\frac{6}{10}$ cents, or 70·9 per cent on cost.

Q. There was no deception of the public, was there? They knew whether they were getting standard beef or not?

The CHAIRMAN: That is the trouble. I don't think they did.

Mr. SOMMERVILLE: There is no suggestion of any deception of the public.

The WITNESS: I could not say.

Mr. YOUNG: I mean, was there any standard beef sold as red ribbon beef?

The CHAIRMAN: Oh, no, not in that.

The WITNESS: I could not say. I don't know.

The CHAIRMAN: It is very difficult for the public to discriminate. For instance, standard beef is not marked in a way that they know it is inferior to the red ribbon.

Mr. YOUNG: The red ribbon is marked because it is superior.

The CHAIRMAN: I know it is, but the other beef is not marked so that you will know it. Here is red ribbon which cost them double what the standard beef cost them.

Mr. HEAPS: Is there any evidence to show that on this special price they got from the public, they paid the same price that they always paid for their beef from the packing plant?

Mr. SOMMERVILLE: On the special price?

Mr. HEAPS: When they give a special to the public as you have indicated, at a low price, do the packers allow them any special discount?

Mr. SOMMERVILLE: I don't know.

Mr. HEAPS: I notice on page 14 there are just two or three firms from which they purchased their beef, or packing houses. I just wondered whether they allowed any special rebate.

Mr. SOMMERVILLE: There are six firms from whom they bought their meat on this statement.

Mr. HEAPS: Yes.

The WITNESS: There was no indication of special allowances in the meats and meatateria. There was in the groceries.

By Mr. Sommerville:

Q. Then take the next item, which is standard beef, 7 cents?—A. 7 cents; average selling price, $10\frac{4}{10}$ cents; average mark-up, $3\frac{4}{10}$ cents or 49·7 per cent. A week later, red ribbon beef had an average invoice cost per pound of 9 cents; average selling price, $14\frac{4}{10}$ cents; average mark-up, $5\frac{4}{10}$ cents or 60 per cent on cost.

Q. Then we come to veal?—A. Fresh veal, invoice cost per pound, $5\frac{1}{2}$ cents; average selling price, $7\frac{8}{10}$ cents; average mark-up, $2\frac{3}{10}$ cents or 42 per cent on cost.

Q. And the next one?—A. Fresh veal again, invoice cost 4 cents per pound; average selling price, $7\frac{3}{10}$ cents; average mark-up, $3\frac{3}{10}$ cents, or 82·2 cents on cost.

Q. And the next one?—A. Fresh veal again, invoice cost per pound, 6 cents; average selling price, $9\frac{9}{10}$ cents; average mark-up, $3\frac{9}{10}$ cents or 65·5 per cent on cost.

Mr. SOMMERVILLE: Where there are these mark-ups of 60 to 65 per cent, it would be interesting to find out how much the man got for his calf.

Mr. HEAPS: About \$1.25.

By Mr. Sommerville:

Q. The Harris Abattoir is the next one?—A. Frozen lamb, invoice cost per pound, 11 cents; average selling price, $17\frac{7}{10}$; average mark-up, $6\frac{7}{10}$ cents or 61·5 per cent on cost.

Q. The next one is fresh lamb?—A. Fresh lamb. Invoice cost per pound, 9 cents; average selling price, $14\frac{9}{10}$ cents; average mark-up, $5\frac{9}{10}$ cents or 65·7 per cent on cost.

By Mr. Young:

Q. Is this frozen lamb Australian lamb?—A. I could not say. It was purchased from a Canadian firm.

Mr. YOUNG: I notice that the frozen lamb sells for more than the fresh lamb in both instances. It is 11 and $9\frac{1}{2}$ cents.

Mr. SOMMERVILLE: Spring and fall.

The WITNESS: Fresh lamb in the fall and frozen lamb in the spring, in both cases.

By Mr. Sommerville:

Q. What is your note there?—A. Well, in compiling these statements, the average selling price was obtained by accepting the meat department's test of

yield on carcasses and then determining the selling price of the various cuts from the advertised prices on or about the specified dates, and where such could not be located Mr. T. Edmondson furnished approximate prices; we calculated the average selling price per pound for a carcass.

For the year ended 31st January, 1934, the gross profit of the meats department as a whole, after write-downs, shortages and before workroom wages and expenses, was 40.75 per cent on cost.

Q. And the meatateria operations showed what?—A. The operations of the meatateria showed a profit of \$101 for the year ending January, 1934. The operations of the meats and provisions department showed a loss for the same year of \$20,971, and the meats and provisions department have shown losses consistently for ten years.

Q. That covers the operations and the spread of the Winnipeg store?—A. Yes.

Q. As a sample of the others?—A. Yes. In the front of that file there are summaries of similar statements for Vancouver, Calgary and Edmonton. I have the detailed statements.

Q. They are filed. Can you tell us the comparative results in various stores? Are the mark-ups all the same all the way through?—A. The maintained mark-up varies in different stores.

Q. What was the maintained mark-up in the various stores?—A. I can give you the maintained mark-up for the five years in the various stores. These are not in any printed schedule or typed schedule.

Q. Just read them?—A. All right.

	Percentage				
	1930	1931	1932	1933	1934
Winnipeg..	32.9	34.08	33.8	36.4	36.82
Vancouver..	44.42	41.81	39.61	38.98	42.64
Calgary..	35.59	31.81	31.98	36.27	39.06
Edmonton..	33.38	32.61	33.85	33.77	37.90
Victoria..	40.48	38.28	37.81	36.35	38.93
Saskatoon..	34.51	29.88	25.74	33.48	35.31
Kamloops..	31.26	32.42	37.72	32.84	32.63
Nelson..	44.20	43.18	38.67	31.65	37.34
Vernon..	36.59	38.12	35.83	37.29	35.42
Yorkton..	36.66	32.2	35.85	36.67	38.87

Lethbridge was only open during two of those years.

The CHAIRMAN: Is that all?

The WITNESS: That is all.

The CHAIRMAN: Have you under your hand a statement showing each of those stores' earnings, which made a loss?

The WITNESS: You mean by departments?

The CHAIRMAN: No.

The WITNESS: There is one in the files for each of the last five years, one of the files I used this morning; statements 11 to 15 give the consolidation of the individual store for the past five years.

Mr. SOMMERVILLE: In the financial statement?

The WITNESS: In the file of statements No. 11 to No. 15.

Mr. SOMMERVILLE: Purchase examples.

The WITNESS: Not that one, no; it is the one I filed first this morning, No. 11 to 15, I think.

The CHAIRMAN: Yes, here we have Vancouver, which is 11.

The WITNESS: This is a consolidation of the ten stores, and it shows the percentage at the bottom.

The CHAIRMAN: We will just read into the record the footnotes.

Mr. SOMMERVILLE: No. 11 for the year 1930—

The WITNESS: That is for the year ending 31st January 1930.

Mr. NASH: Statement No. 15 is the last one.

The WITNESS: Statement 15 is for the last year.

Mr. SOMMERVILLE: That indicates what?

The WITNESS: Winnipeg shows a loss of \$135,878.07. Including the coal department, it shows a profit. Vancouver showed a profit of—

The CHAIRMAN: Give it to us without the coal department, because it is not comparable that way.

The WITNESS: The Winnipeg store showed a loss of \$160,953.53; Vancouver showed a profit of \$177,708; Calgary showed a profit of \$45,557; Edmonton showed a profit of \$7,857; Victoria showed a loss of \$38,429; Saskatoon showed a loss of \$43,653; Kamloops showed a profit of \$1,185; Nelson showed a profit of \$3,898; Vernon showed a profit of \$1,120; Yorkton showed a loss of \$681. The total stores showed a loss of \$6,388, converted by—

By Mr. Sommerville:

Q. Converted by the coal department into a profit.—A. A profit on the coal department of \$25,075, that is the coal department of Winnipeg, I should say.

Q. Below you indicate the gross profit on each of those stores?—A. That is where I took the percentages which I read into the record just a moment ago.

Q. In connection with the suppliers of goods to those stores, you made a list of them, or at least you have set out each supplier in connection with your information on price spreads?—A. Yes.

Q. And as an evidence of some of the large suppliers, you had one furniture company supplying living room suites to the extent of \$20,000 to the Winnipeg store; another one supplying \$12,500 of bedding, \$8,000 of bedroom furniture?—A. \$20,000 living room suites, \$12,500 from a bedding company, of living room suites, \$8,000 bedroom and dining room suites, \$7,500 living room, dining room and bedroom suites.

Q. In connection with the clothing department on page 7, you have one firm in Montreal supplying \$65,000?—A. \$65,000, branded clothing and better grade suits.

Q. Another firm supplying \$14,000?—A. Medium grade, made to measure.

Q. Another firm supplying \$6,500?—A. In Toronto yes, better grade.

Q. Another firm in Montreal supplying \$5,000 worth?—A. Yes.

Q. Then the suppliers by provinces were insofar as clothing is concerned, Quebec 79 per cent; Ontario 14 per cent; Manitoba 1 per cent, and others 5 per cent?—A. Yes.

Q. In connection with the boys' department, you have one firm in Ontario supplying \$14,000?—A. Yes.

Q. And the same firm another \$7,000?—A. Yes.

Q. A firm in Winnipeg supplying \$3,500?—A. Yes, overalls.

Q. Then you had in the men's clothing and coats department, low price made to measure suits, one firm in Montreal supplying—A. \$35,000.

Q. A firm in Winnipeg supplying overalls to the extent of \$7,500?—A. Yes.

Q. And a firm in Montreal supplying windbreakers to the extent of \$5,500?—A. Yes.

Q. Boys' clothing to the extent of \$5,000?—A. Ontario.

Q. Pants \$5,000?—A. Yes.

Q. A firm in Cornwall?—A. Yes.

Q. Another firm in Montreal supplying \$3,000?—A. Yes. By provinces, they are Quebec, 67 per cent, Ontario 13.7 per cent, Manitoba 10.2 per cent and others 9.1 per cent.

Q. In the case of women's—A. Coats and suits?

Q. You have one firm in Toronto supplying \$11,000 worth?—A. Yes.

Q. And a firm in Winnipeg supplying \$7,000 worth?—A. Yes.

Q. Another firm in Winnipeg supplying \$4,000?—A. Yes.

Q. In that case Ontario supplied 52 per cent?—A. 52.9, Quebec 24.3, Winnipeg 18.6, sundry 4.2.

Q. In the matter of dresses, a Montreal firm supplied \$17,000 worth?—A. Yes, another firm \$4,500, another \$6,500, \$4,500, and \$3,500, and another \$3,000.

Q. Give us the division there?—A. Quebec 81.5 per cent, Ontario 13.9 per cent, Manitoba 2.3 per cent, sundry 2.3 per cent.

Q. Sportswear?—A. Women's sportswear, a Montreal firm \$5,000, Toronto firm \$4,500, Vancouver firm \$3,200, Toronto firm \$3,000, Montreal firm \$1,850, Ontario firm, Stratford, \$1,800, Toronto firm \$1,800; Ontario 60 per cent, Quebec 30 per cent, Manitoba 2.5 per cent; British Columbia 5 per cent, sundry 2.5 per cent.

Q. Women's dresses further down, page 20—A. Women's dresses.

Q. A Montreal firm \$11,500?—A. Yes.

Q. Toronto firm \$9,000?—A. Yes.

Q. A Montreal firm \$4,000?—A. Yes.

Q. A Winnipeg firm \$3,000?—A. Yes.

Q. A Montreal firm \$3,000?—A. Yes.

Q. Women's dresses and underwear, a Montreal firm supplied print dresses to the extent of \$20,000?—A. Yes.

Q. A Toronto firm \$7,500?—A. Yes.

Q. Whitewear was supplied to the extent of \$5,000 by a Montreal firm?—A. Yes.

Q. Toronto Slip Company, made slips to the extent of \$4,500?—A. Yes.

Q. Bathrobes, Montreal firm \$3,000?—A. Yes.

Q. Men's shoes, one firm supplied \$11,000 worth?—A. Yes.

Q. An Ontario firm; another firm in Quebec, supplied \$6,500 worth?—A. Yes.

Q. Rubber shoes, supplied by an Ontario firm to the extent of \$5,000?—A. Yes.

Q. Another one \$3,700?—A. Yes.

Q. Then another Ontario firm supplied shoes to the extent of \$15,000?—A. Yes.

Q. Give us the next one?—A. A Montreal firm, \$9,500.

Q. The next one is in Ontario?—A. \$9,500.

Q. Rubber shoes, \$8,000?—A. Winnipeg.

Q. Slippers, Gutta Percha Rubber Company, rubbers and overshoes, \$20,000?—A. Yes.

Q. Importers of Bathurst shoes?—A. Toronto slippers.

Q. \$20,000?—A. \$20,000.

Q. Another firm in Montreal?—A. \$4,000, another firm \$3,500, a Winnipeg firm \$3,000, another Montreal firm \$3,000.

Mr. YOUNG: These are not single orders.

The WITNESS: That is approximately the amount for the year from these firms.

By Mr. Sommerville:

Q. Stoves, refrigerators and washing machines, \$6,500 the first one?—A. Yes.

Q. \$2,500 for another one?—A. Yes.

Q. \$3,200 for another?—A. Yes.

Q. \$4,000 for another?—A. Yes.

Q. Wallpapers, \$5,200 for one firm?—A. A Montreal firm, \$7,700 from the Toronto firm, \$2,000 from Foreign Suppliers.

Q. You are filing a complete set of these as exhibits?—A. Yes.

Q. See that complete set is made up?—A. Yes.

The CHAIRMAN: I think we will adjourn now to meet at eleven o'clock, when we will take up the factories and the smaller stores.

The committee adjourned at six o'clock, to meet on Wednesday, June 20, at 11 o'clock a.m.

HOUSE OF COMMONS, ROOM 368,

June 20, 1934.

The special committee appointed to inquire into price spreads and mass buying met at 11 o'clock a.m., Hon. H. H. Stevens, presiding.

Mr. Norman Sommerville, K.C., of Toronto and Mr. W. W. Parry, K.C., of Toronto, appeared as counsel for the committee.

The CHAIRMAN: Order, gentlemen, the minutes of yesterday indicate certain witnesses heard, certain documents filed, and one or two accounts passed. I will declare the minutes adopted.

Now, Mr. Sommerville, what have you for this morning.

Mr. SOMMERVILLE: In order that we might complete the picture of the department stores, and that Mr. Nash may then present a composite picture of the whole situation, we are presenting the four smaller stores this morning. We are commencing with the A. J. Freiman, Limited, in Ottawa.

Mr. S. H. DOBELL, Called and Sworn.

By Mr Sommerville:

Q. Mr. Dobell, you are a member of the firm of Clarkson, Gordon and Dillworth, and are the resident representative of that firm in Ottawa?—A. Yes, I am the resident partner of that firm in Ottawa.

Q. And you had charge of the enquiry into A. J. Freiman, Limited in Ottawa?—A. Yes, sir.

Q. Will you give the committee the benefit of your enquiry upon the subject matters that were referred to you?—A. Starting off with the Ottawa company: the business of A. J. Freiman, Limited was started in a small way by Mr. Freiman 34 years ago as a house furnishing store. Later the ready-to-wear was added and gradually the business was built up until it is now the largest department store in Ottawa. It has grown from sales of \$250,000 25 years ago to sales of over \$2,800,000 for the year ending January, 1934. In 1931 sales were over \$4,000,000.

Q. Yes?—A. The company was incorporated in 1921, and was reorganized by supplementary letters patent in 1928. The following financial statements are submitted:

A. J. FREIMAN, LIMITED

COMPARATIVE BALANCE SHEETS AS PREPARED FROM COMPANY'S ANNUAL STATEMENTS

	31st January, 1925	31st January, 1926	31st January, 1927
	\$ cts.	\$ cts.	\$ cts.
ASSETS			
1 Cash on Hand and in Banks.....	12,369 39	14,778 68	9,099 85
2 Accounts and Bills Receivable—			
3 Less Reserve for Bad Debts and Premiums...	375,850 56	525,953 94	565,763 13
Merchandise Inventory.....	588,753 98	475,028 51	498,157 37
4 Cash Surrender Value of Life Insurance Less Loans.....			
5 Cash Value of Net Equity in Mutual Fire Insurance Companies.....			
6 Bonds.....	3,000 00	3,000 00	3,000 00
7 Mortgage Receivable.....			
8 Land and Buildings at Ottawa and Pembroke at Net Book Value.....	655,935 65	842,935 65	958,935 65
9 Furniture and Fixtures at Net Book Value.....	79,768 63	79,586 27	79,468 90
10 Deferred Charges.....	3,254 30	4,632 15	12,545 00
11 Goodwill.....	300,000 00	300,000 00	300,000 00
12 Total Assets.....	2,018,932 51	2,245,915 20	2,426,969 90
LIABILITIES AND CAPITAL			
13 Bank Loans (including Overdrafts).....	138,326 79	214,507 03	250,000 00
14 Accounts and Bills Payable.....			
15 Taxes Payable.....	182,840 61	100,631 13	86,520 97
16 Accrued Charges.....			
17 Mortgages Payable.....	280,000 00	405,000 00	465,000 00
18 Capital Paid-Up.....	1,055,700 00	1,080,700 00	1,080,700 00
19 Six percent Cumulative Sinking Fund Redeemable Convertible Preferred Shares, Par value \$100 each.....			
20 Common Stock, no Par value.....			
21 Special Reserve for Redemption of Preferred Stock.....			
22 Surplus.....	362,065 11	445,077 04	544,748 93
23 Total Liabilities and Capital.....	2,018,932 51	2,245,915 20	2,426,969 90

Statement No. 8

A. J. FREIMAN, LIMITED

COMPARATIVE BALANCE SHEETS AS PREPARED FROM COMPANY'S ANNUAL STATEMENTS

31st January, 1928	31st January, 1929	31st January, 1930	31st January, 1931	31st January, 1932	31st January, 1933	31st January, 1934	
\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
12,479 65	24,200 98	26,100 14	25,895 74	48,458 82	43,057 02	12,330 28	1
707,427 19	769,239 88	963,837 85	1,078,848 29	1,092,593 30	906,673 03	924,120 88	2
520,579 46	825,570 56	996,905 84	933,749 32	893,146 49	749,881 20	802,262 21	3
.....	.....	.....	63,339 60	114,520 63	134,470 54	29,882 88	4
.....	.....	.....	.....	.....	.....	10,346 16	5
3,000 00	.....	.....	.....	.....	.....	.....	6
.....	.....	.....	.....	3,500 00	1,000 00	1,000 00	7
1,015,935 65	1,258,503 99	1,568,974 16	1,638,677 18	1,639,376 25	1,639,376 25	1,640,694 81	8
94,663 07	90,893 62	117,461 13	138,206 33	148,757 65	150,285 13	154,889 66	9
13,782 50	28,937 44	29,032 77	57,369 38	36,092 36	32,255 50	22,383 80	10
300,000 00	.....	.....	.....	.....	.....	.....	11
2,667,867 52	2,997,346 47	3,702,311 89	3,936,085 84	3,976,445 50	3,656,999 67	3,597,910 68	12
.....
406,693 26	250,000 00	670,000 00	714,000 00	743,000 00	552,000 00	562,000 00	13
57,782 28	66,942 87	25,899 87	144,543 97	129,163 16	127,635 54	125,100 38	14
.....	34,209 68	42,246 38	35,244 21	34,120 13	11,179 46	10,010 46	15
.....	11,344 23	8,019 91	12,164 76	19,147 62	9,517 14	13,106 87	16
443,000 00	441,500 00	581,500 00	564,250 00	547,000 00	529,750 00	521,125 00	17
1,080,700 00	.....	.....	.....	.....	.....	.....	18
.....	1,000,000 00	975,000 00	954,500 00	937,100 00	928,000 00	928,000 00	19
.....	475,700 00	475,700 00	475,700 00	475,700 00	475,700 00	475,700 00	20
.....	.....	21,895 00	42,524 60	53,698 31	60,983 71	60,983 71	21
679,691 98	717,649 69	902,050 73	993,158 30	1,037,515 28	962,233 82	901,854 26	22
2,667,867 52	2,997,346 47	3,702,311 89	3,936,085 84	3,976,445 50	3,656,999 67	3,597,910 68	23

A. J. FREIMAN, LIMITED

COMPARATIVE PROFIT AND LOSS ACCOUNTS AS PREPARED FROM THE COMPANY'S STATEMENTS

	Year ended 31st January 1925	Year ended 31st January 1926	Year ended 31st January 1927
	\$ cts.	\$ cts.	\$ cts.
1 Sales.....	2,340,355 20	2,521,322 64	2,752,614 97
2 Cost of Sales.....	1,631,822 42	1,801,495 51	1,944,997 00
3 Gross Profit.....	708,532 78	719,827 13	807,617 97
4 Gross Profit percentage to Cost of Sales.....	43.42%	39.95%	41.52%
5 Expenses per Schedule.....	593,484 11	601,778 17	677,233 74
6 Net Operating Profit or Loss.....	115,048 67	118,048 96	130,384 23

SURPLUS ACCOUNT

7 Balance at Credit Surplus Account at beginning of period.....	280,219 18	362,065 11	445,077 04
8 Net Profit or Loss before providing for Dominion Income Tax.....	115,048 67	118,048 96	130,384 23
9 Provision for Dominion Income Tax.....	13,939 12	16,266 44	12,095 67
10 Life Insurance Premiums, etc., less Increase in Cash Surrender Value.....	19,263 62	18,770 59	18,616 67
11 Sundry Adjustments—Net.....			
12 Transferred to Sinking Fund Reserve.....			
13 Dividends paid.....			
14 Balance at credit Surplus Account at close of period.	362,065 11	445,077 04	544,748 93

A. J. FREIMAN, LIMITED

COMPARATIVE PROFIT AND LOSS ACCOUNTS AS PREPARED FROM THE COMPANY'S STATEMENTS

Year ended 31st January 1928	Year ended 31st January 1929	Year ended 31st January 1930	Year ended 31st January 1931	Year ended 31st January 1932	Year ended 31st January 1933	Year ended 31st January 1934	
\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
3,094,680 39	3,292,383 22	3,916,938 71	4,021,630 26	3,824,586 40	2,866,360 81	2,822,416 53	1
2,184,910 71	2,311,962 42	2,762,029 00	2,905,146 16	2,709,972 77	2,016,536 70	1,978,824 91	2
909,769 68	980,420 80	1,154,909 71	1,116,484 10	1,114,613 63	849,824 11	843,591 62	3
41.64%	42.46%	41.81%	38.43%	41.13%	42.14%	42.63%	4
743,105 16	699,012 13	861,143 85	930,797 23	969,521 29	851,135 41	843,782 27	5
166,664 52	281,408 67	293,765 86	185,686 87	145,092 34	1,311 30	190 65	6

SURPLUS ACCOUNT

544,748 93	679,691 98	717,649 69	902,050 73	993,158 30	1,037,516 28	962,233 82	7
166,664 52	281,408 67	293,765 86	185,686 87	145,092 34	1,311 30	190 65	8
11,347 71	47,466 55	21,914 32	7,995 80	20,077 95			9
20,373 76		6,305 50	7,761 40	15,603 61	7,924 13	4,508 91	10
	155,876 43			1,890 91	2,991 63		11
		21,895 00	20,629 60	11,173 71	7,285 40		12
	40,107 98	59,250 00	58,192 50	55,770 00	55,770 00	55,680 00	13
679,691 98	717,649 69	902,050 73	993,158 30	1,037,516 28	962,233 82	901,854 26	14

A. J. FREIMAN LIMITED

SCHEDULE OF EXPENSES SHOWN ON COMPARATIVE PROFIT AND LOSS ACCOUNTS AS PREPARED FROM COMPANY'S STATEMENTS

		Year ended	Year ended	Year ended
		31st January 1925	31st January 1926	31st January 1927
		\$ cts.	\$ cts.	\$ cts.
1	Salaries and Commissions.....	299,783 78	305,757 01	339,893 72
2	Advertising.....	139,871 25	144,530 29	135,322 67
3	Delivery, including Freight and Express Account..	16,850 49	17,620 72	21,060 82
4	Supplies.....	14,531 10	11,756 15	16,015 89
5	Printing and Stationery.....	3,418 15	4,228 13	3,661 11
6	Fire Insurance.....	8,464 60	10,487 40	11,943 50
7	Travelling.....	14,574 09	18,872 42	21,274 78
8	Taxes, Municipal and Provincial.....	16,800 74	20,675 10	24,140 73
9	Interest and Exchange.....	39,230 02	50,458 83	60,248 93
10	Rent.....	6,360 00	8,859 96	8,859 96
11	Light, Heat and Power.....	8,134 17	11,044 37	13,858 85
12	Telephone and Telegraph.....	3,182 52	3,600 99	4,367 57
13	Postage and Excise.....	1,573 70	1,543 10	1,201 97
14	Depreciation, Buildings and Furniture and Fixtures.	13,500 00	13,500 00	13,500 00
15	Provision for Bad Debts.....	15,000 00	15,000 00	20,000 00
16	Sundry Expenses.....	17,859 48	15,195 06	23,721 65
17	Total Expenses.....	619,134 09	653,129 53	719,072 15
18	Deduct:			
18	Net Premiums earned on Time Payment Accounts	25,649 98	38,840 36	27,838 49
19	Rents received.....		12,510 00	13,999 92
20		593,484 11	601,779 17	677,233 74

A. J. FREIMAN, LIMITED

SCHEDULE OF EXPENSES SHOWN ON COMPARATIVE PROFIT AND LOSS ACCOUNTS AS PREPARED FROM
COMPANY'S STATEMENTS

Year ended 31st January 1928	Year ended 31st January 1929	Year ended 31st January 1930	Year ended 31st January 1931	Year ended 31st January 1932	Year ended 31st January 1933	Year ended 31st January 1934	
\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
376,124 87	378,179 68	459,614 75	526,872 00	527,877 52	419,662 90	419,247 79	1
150,976 50	120,294 24	154,373 47	151,573 38	159,787 10	131,531 53	135,310 39	2
23,760 97	25,570 89	30,236 42	19,794 95	22,020 36	24,202 11	29,957 57	3
12,775 03	16,136 09	14,836 17	20,191 62	19,790 25	18,297 10	16,597 15	4
5,926 89	4,692 81	7,384 18	6,986 04	7,935 32	5,711 15	4,753 00	5
13,614 40	14,233 21	15,909 53	13,112 70	16,231 13	15,297 97	14,628 76	6
34,916 38	14,749 13	17,687 32	10,951 84	13,690 22	11,268 73	14,627 07	7
24,935 30	27,177 93	33,503 20	37,955 21	54,905 81	51,568 65	52,199 28	8
59,309 28	48,186 34	71,744 73	78,557 81	90,604 11	113,293 13	84,285 91	9
9,659 96	16,559 96	22,438 26	25,774 92	25,811 59	26,028 25	25,459 92	10
18,280 35	17,984 56	22,920 37	24,973 66	25,554 05	24,535 96	21,503 62	11
5,150 37	5,049 35	4,888 73	6,435 53	5,969 09	6,143 61	6,159 86	12
625 28	605 72	1,281 48	1,361 15	2,387 34	2,789 45	1,789 65	13
13,500 00	20,000 00	20,000 00	24,704 00	26,224 00	1,140 00	896 00	14
20,000 00	20,000 00	20,000 00	21,140 56	20,909 26	20,831 50	67,400 00	15
25,168 82	25,908 17	25,308 34	28,656 93	32,395 00	25,318 82	27,851 30	16
794,724 40	755,328 08	922,126 95	999,042 30	1,052,092 15	897,620 86	922,667 27	17
36,539 32	36,836 05	33,417 03	35,200 00	51,000 00	15,400 00	49,000 00	18
15,079 92	19,479 90	27,566 07	33,045 07	31,570 86	31,085 45	29,885 00	19
743,105 16	699,012 13	861,143 85	930,797 23	969,521 29	851,135 41	843,782 27	20

A. J. FREIMAN LIMITED

DEPARTMENTAL OPERATING STATEMENT FOR THE YEAR ENDING 3RD FEBRUARY, 1934

Departments	Names	Sales		Cost of sales after mark-downs		Gross profit after mark-downs		Percentage of gross profit* after mark-downs	Expenses		Net Departmental Results as per Company's Records			
		\$	cts.	\$	cts.	\$	cts.		Direct	Pro-rated	Profit	Loss		
11-18 inclusive.....	Dress Goods.....	141,229	10	99,679	42	41,549	68	42	41,065	59	12,312	85	11,828	76
21, 22, 23, 27, 31, 33 and 46.....	Notions.....	75,637	05	52,188	93	23,448	12	45	20,744	53	6,594	30	3,890	71
24, 29 and 96.....	Drugs.....	103,195	02	74,790	28	28,404	74	38	28,206	72	8,996	90	8,798	88
25 and 26.....	Jewelry.....	31,857	64	23,193	14	8,664	50	37	15,402	02	2,777	50	9,515	02
35 and 37.....	Gloves and Hose.....	135,732	42	90,104	12	45,648	30	51	25,685	38	11,835	35		
28.....	Art Goods Wool.....	17,258	22	12,219	10	5,039	12	41	4,354	33	1,504	60		
34.....	Millinery.....	67,795	72	44,182	77	23,612	95	53	23,433	67	5,910	70		
36, 38, 39, 41, 42, 55 and 58.....	Whitewear.....	115,343	34	79,937	20	35,406	14	44	28,747	92	10,056	00		
43 and 56.....	Girls' Wear.....	76,799	38	53,301	01	23,498	37	44	20,159	66	6,935	60		
47, 48 and 67.....	Shoes.....	201,172	89	142,293	75	58,879	14	41	37,947	19	17,538	95		
51, 52, 53 and 57.....	Ready to Wear.....	365,978	58	267,558	21	98,420	37	37	78,634	00	31,307	35		
54.....	French Room.....	72,958	38	54,817	50	18,140	88	33	12,680	08	6,360	75		
59.....	Furs.....	103,159	91	66,748	42	36,411	49	55	18,581	28	8,993	85		
61.....	Men's Clothing.....	182,645	07	131,114	36	51,530	71	39	40,931	38	15,923	65		
62 and 65.....	Haberdashery.....	109,901	77	72,345	14	37,556	63	52	33,635	55	9,581	65		
66 and 68.....	Boys.....	117,016	60	78,964	90	38,051	70	48	33,667	10	10,201	85		
71 and 75.....	Furniture.....	251,389	76	183,128	50	68,261	26	37	70,354	80	21,917	05		
72, 73, 74 and 83.....	Carpets, etc.....	197,688	23	138,259	38	59,428	85	43	53,963	44	17,235	13		
76, 78, 82, 84, 91, 92, 93 and 94.....	Crockery, Radios, etc.....	244,331	20	170,543	91	73,787	29	43	55,976	89	21,301	65		
81.....	Pictures.....	4,417	95	2,523	09	1,894	86	75	2,933	35	385	20		
86.....	Wallpaper.....	17,355	96	12,660	68	4,725	28	37	4,016	54	1,515	80		
97.....	Optical.....	10,342	04	3,250	55	7,091	49	218	2,869	33	901	65		
99.....	Barber Shop.....	15,369	00	10,803	59	4,565	41	52	1,109	83	1,340	43		
30.....	Books, Library.....	5,105	38	2,717	23	2,388	15	88	1,707	36	235	69		
		2,663,730	61	1,867,325	18	796,405	43	43	656,807	88	232,233	86		
													26,028	28
														118,664 59

*Percentage to Cost of Sales.

A. J. FREIMAN LIMITED

FURNITURE DEPARTMENT—EXAMPLES OF PRICE SPREADS

PRICE SPREADS AND MASS BUYING

Quantity	Description of Goods	Total of Order	Invoice Date	Examples of Shipments						Initial Mark-up	
				Unit Invoice Cost	Sales Tax and Freight	Unit Laid-Down Cost	Initial Selling Price	Amount	Percent to Cost		
				\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%	\$	%
1	Spanish Set.....	110.00	Jan. 24, 1933	110.00	5.65	115.65	210.00	94.35	81.6		
1	D.R. Suite Walnut Blue L.....	244.00	April 18, 1933	85.00	5.10	90.10	169.00	78.90	87.5		
1	D.R. Suite Walnut Brown L.....			80.00	4.80	84.80	149.00	64.20	75.17		
1	D.R. Suite Oak Brown L.....			79.00	4.74	83.74	149.00	65.26	77.9		
2	3-Piece L.R. Suites.....	120.00	Oct. 26, 1933	60.00	3.06	63.06	119.00	55.94	88.7		
1	Chesterfield Suite.....		May 12, 1933	21.50	1.29	22.79	39.50	16.71	73.4		
1	Chesterfield Suite.....			24.50	1.47	25.97	47.50	21.53	82.9		
6	B.R. Suites.....	1,509.60	Aug. 22, 1933	115.20	10.80	126.00	210.00	84.00	66.6		
6	B.R. Suites.....			50.00	6.89	56.89	79.50	22.61	39.7		
12	B.R. Suites.....			43.20	6.48	49.68	95.00	45.32	91.2		
12	Walnut Chests.....	200.00	Jan. 24, 1933	8.00	1.87	9.87	16.75	6.88	69.7		
1	Gum Chests.....			6.75	1.81	8.56	12.00	3.44	40.2		
1	Walnut Chest.....			12.50	2.09	14.59	28.00	13.41	91.9		
1	Walnut Chest.....			10.50	1.99	12.49	22.75	10.26	82.1		
1	Walnut Chest.....			225.00	11.48	236.48	389.00	152.52	64.5		
3	D.R. Suite.....	225.00	May 4, 1933	43.88	2.50	46.38	77.50	31.12	67.1		
3	D.R. Suites.....	263.28	May 23, 1933	80.00	11.01	91.01	145.00	53.99	59.33		
2	D.R. Suites.....	160.00	May 22, 1933	27.50	1.65	29.15	45.00	15.85	54.4		
24	Chesterfield Suites.....	660.00	July 15, 1933	30.00	1.50	31.50	40.50	9.00	28.6		
6	Chesterfield Suites.....	410.00	Mar. 25, 1933	10.00	0.50	10.50	13.50	3.00	28.6		
23	Assorted Chairs.....			168.00	49.08	217.08	285.00	67.92	31.3		
1	D.R. Suite.....	349.00	April 17, 1933	181.00	49.86	230.86	295.00	64.14	27.8		
1	B.R. Suite.....										

A. J. FREIMAN LIMITED

MEN'S CLOTHING—DEPARTMENT No. 61—EXAMPLES OF PRICE SPREADS

Quantity	Description of Goods	Total of Order	Invoice Date	Examples of Shipments						Initial Mark-up	
				Unit Invoice Cost	Sales Tax and Freight	Unit Laid-Down Cost	Initial Selling Price	Amount		Percent to Cost	
								\$	cts.	\$	%
33	4 Piece Suits.....	739 50	Aug. 18, 1933	14.50	0.75	15.25	27.20	11.95			78.3
26	4 Piece Bernie Suits.....	249 75	May 5, 1933	9.25	0.65	9.90	16.50	6.60			66.6
16	Suits, 2 Pants.....	590 00	Mar. 23, 1933	14.75	0.84	15.59	24.50	8.91			57.1
1	Top Coat.....	69 00		5.75	0.39	6.14	10.95	4.81			78.3
24	4 Piece York S.B. Suits.....	186 00	April 27, 1933	7.75	0.53	8.28	13.35	5.07			61.2
219	Coats.....	1,095 00	June 14, 1933	5.00	0.32	5.32	9.50	4.18			78.5
99	Coats.....	643 50		6.50	0.40	6.90	9.50	2.60			37.7
5	Coats, Velvet Collar.....	27 50		5.50	0.35	5.85	9.50	3.65			62.4
14	Suits, 2 Pair Pants.....		June 8, 1933	9.50	0.48	9.98	15.56	5.52			55.3
60	Suits, 2 Pair Pants.....	1,100 00	Aug. 30, 1933	12.50	0.65	13.15	20.00	6.85			52.0
11	2 Piece Suits.....	121 00	April 21, 1933	11.00	0.55	11.55	16.95	5.40			46.7
7	Suits, 2 Pair Pants.....	148 80	May 19, 1933	12.75	1.64	14.39	19.50	5.11			35.5
7	Tuxedos.....	151 25	Dec. 19, 1933	13.50	0.94	14.44	19.50	5.06			35.0
4 10/12 doz.	Men's Pants.....	58 00	June 30, 1933	1.00	0.06	1.06	1.50	0.44			41.5
10	Men's Pants.....	90 00		0.75	0.05	0.80	1.00	0.20			25.0
13	Ritz Suits, 2 Pants.....	136 50	June 1, 1933	9.75	0.70	10.45	13.50	3.05			29.0
18	Coats.....	317 70	Nov. 23, 1933	17.65	1.00	18.65	22.50	3.85			20.7
13	Suits, 2 Pants.....	165 00	Oct. 27, 1933	11.00	0.58	11.58	18.50	6.92			59.7
20	Suits, 2 Pants.....	625 00		12.50	0.65	13.15	20.50	7.35			55.9

NOTE.—Quantities shown are portion of orders covered by invoices examined.

A. J. FREIMAN LIMITED
WOMEN'S READY TO WEAR—EXAMPLES OF PRICE SPREADS

PRICE SPREADS AND MASS BUYING

Quantity	Description of Goods	Total of Order	Invoice Date	Examples of Shipments						Initial Mark-up	
				Unit Invoice Cost	Sales Tax and Freight	Unit Laid-Down Cost	Initial Selling Price	Amount		Percent to Cost	
				\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$	cts.	\$	cts.
25	Dresses.....	225.00	July 11, 1933	9.00	0.48	9.48	18.50	9.02	95.2		
10	Coats.....	.....	May 1, 1933	10.00	0.50	10.50	19.75	9.25	88.6		
25	Dresses.....	92.00	Dec. 26, 1933	4.00	0.20	4.20	7.75	3.55	84.5		
82	Havana o/s Dresses.....	300.00	June 23, 1933	3.00	0.20	3.20	5.00	1.80	56.2		
100	Assorted Coats.....	300.00	May 10, 1933	3.00	0.15	3.15	5.00	1.85	58.7		
145	Dresses.....	580.00	Sept. 7, 1933	4.00	0.20	4.20	6.50	2.30	54.7		
126	Coats (Job Lot).....	913.50	Nov. 23, 1933	7.25	0.40	7.65	11.75	4.10	53.6		
5 doz.	Printed Dresses	530.80	May 4, 1933	1.88	0.13	2.01	2.75	0.74	37.0		
100	Coats.....	1,650.00	Nov. 22, 1933	16.50	1.00	17.50	22.35	4.85	27.7		
90	Coats.....	450.00	Nov. 23, 1933	5.00	0.34	5.34	6.75	1.41	26.4		
144	Voile Dresses.....	675.00	May 26, 1933	1.13	0.07	1.20	1.50	0.30	25.0		
159	Ladies Coats.....	636.00	Dec. 2, 1933	4.00	0.20	4.20	5.00	0.80	19.0		
528	Voiles.....	699.60	July 5, 1933	1.33	0.06	1.39	1.65	0.26	18.7		
5	Coats.....	25.00	April 19, 1933	5.00	0.40	5.40	6.00	0.60	11.1		

A. J. FREIMAN LIMITED
WOMEN'S SHOES—EXAMPLES OF PRICE SPREADS

Quantity	Description of Goods	Total of Order	Invoice Date	Examples of Shipments					
				Unit Invoice Cost	Sales Tax and Freight	Unit Laid-Down Cost	Initial Selling Price	Initial Mark-up	
								Amount	Percent to Cost
		\$ cts.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
20	Black Crepe Pumps.....	570 85	Sept. 20, 1933	2.90	0.14	3.04	5.00	1.96	64.4
19	Black Crepe Pumps.....			2.90	0.14	3.04	5.00	1.96	64.4
18	White Crepe Pumps.....			2.95	0.15	3.10	5.00	1.90	61.3
17	Black Crepe Pumps.....			3.40	0.17	3.57	6.00	2.43	68.0
18	Black Crepe Pumps.....			3.40	0.17	3.57	6.00	2.43	68.0
48	White Sandals.....		June 16, 1933	2.35	0.12	2.47	4.00	1.53	61.9
41	Brown Kid.....	422 30	Mar. 9, 1933	5.15	0.15	5.30	8.50	3.20	60.6
41	Black Kid.....			5.15	0.15	5.30	8.50	3.20	60.6
42	White Kid Setroy.....	149 10	June 8, 1933	3.55	0.17	3.72	6.00	2.28	60.8
15	Grey Snake.....	42 00	May 19, 1933	2.80	0.08	2.88	4.89	2.01	69.8
48	White Kid.....	172 80	May 19, 1933	3.60	0.22	3.82	6.00	2.18	55.5
35	Black Kid Pump.....	176 75	Mar. 10, 1933	3.05	0.16	3.21	5.16	1.95	60.7
28	Brown Kid Pump.....			2.50	0.14	2.64	4.14	1.50	56.8
45	Side D'Orsey.....	41 00	Nov. 18, 1933	0.55	0.03	0.58	0.90	0.32	55.9
30	Felt Cosy.....			0.35	0.02	0.37	0.58	0.21	55.9
15	Felt Misses.....			0.25	0.02	0.27	0.42	0.15	55.9
10	Felt Childs.....			0.20	0.01	0.21	0.33	0.12	55.9
147	White Canlin Strap.....	176 40	May 23, 1933	1.20	0.07	1.27	1.98	0.71	55.8
71	Black Kid.....	149 10	Nov. 25, 1933	2.10	0.12	2.22	2.98	0.76	34.2
111	D'Orsey Slippers.....	61 05	Oct. 27, 1933	0.55	0.03	0.58	0.89	0.31	53.4
180	Felt Cosy.....	63 00		0.35	0.02	0.37	0.59	0.22	60.0
51	Kid Pumps.....	102 00	May 20, 1933	2.00	0.13	2.13	2.80	0.67	31.4
60	Calf Pumps.....		Jan. 24, 1933	1.05	0.04	1.09	1.39	0.30	27.5
59	Calf Oxfords.....			1.15	0.05	1.20	1.39	0.19	16.0
120	Calf Pumps.....	328 85	Feb. 25, 1933	1.00	0.05	1.05	0.88	0.17	16.2
119	Calf Oxfords.....			1.15	0.06	1.21	0.88	0.33	27.2
60	Calf Oxfords.....			1.20	0.06	1.26	0.88	0.38	28.5

STATEMENT No. 2

A. J. FREIMAN, LIMITED

RECAPITULATION OF NUMBER OF EMPLOYEES FOR THE FISCAL YEARS ENDING IN 1932, 1933 AND 1934

Departments	Regular			Temporary			Total		
	1932	1933	1934	1932	1933	1934	1932	1933	1934
Executive Office.....	1	0	0	0	0	0	1	0	0
Accounting Office.....	16	18	17	8	6	7	24	24	24
Accounts Receivable and Credits.....	30	38	37	28	11	12	58	49	49
Superintendence General Store.....	5	4	5	2	1	2	7	5	7
Maintenance.....	2	4	4	4	2	5	6	6	9
Advertising.....	5	5	5	0	0	0	5	5	5
Window Display.....	7	6	5	1	0	2	8	6	7
Buyers and Department Managers.....	15	16	17	0	0	0	15	16	17
Receiving and Marking.....	4	5	4	3	1	2	7	6	6
Sales Persons.....	151	134	131	137	107	140	288	241	271
General Selling.....	33	29	29	34	22	31	67	51	60
Parcel Delivery.....	5	5	5	4	2	2	9	7	7
Furniture Delivery.....	14	8	6	1	0	1	12	8	7
Multigraph.....	2	2	2	0	0	0	2	2	2
Fur Repairs.....	1	3	2	6	2	2	7	5	4
Fur Storage.....	0	1	1	0	0	1	0	1	2
Barber Shop.....	3	4	7	1	3	4	4	7	11
Men's Alterations.....	3	3	3	1	1	1	4	4	4
Ladies' Alterations.....	16	13	13	9	7	6	25	20	19
Draperies Work Room.....	4	3	2	1	1	1	5	4	3
Furniture Repairs.....	4	3	3	0	1	0	4	4	3
Operating and Housekeeping.....	15	12	12	10	7	9	25	19	21
	336	316	310	250	174	228	586	490	538

STATEMENT No. 3

A. J. FREIMAN LIMITED

COMPARISON OF RATES PAID TO REGULAR EMPLOYEES JANUARY 1930 AND JANUARY 1934

	All Grades	Below \$12.00	\$12.00-\$14.99	\$15.00 and Over
Total Employees.....1930	341	36	102	203
.....1934	311	10	178	123
All Male Employees.....1930	146	12	4	130
.....1934	137	6	23	108
All Female Employees.....1930	195	24	98	73
.....1934	174	4	155	15
Sales Clerks: Total.....1930	231	23	78	130
.....1934	176	7	116	53
Male.....1930	83	5	3	75
.....1934	58	3	11	44
Female.....1930	148	18	75	55
.....1934	118	4	105	9
Expense Help: Total.....1930	49	12	11	26
.....1934	62	3	29	30
Male.....1930	27	7	0	20
.....1934	38	3	8	27
Female.....1930	22	5	11	6
.....1934	24	0	21	3
Office: Total.....1930	45	1	13	31
.....1934	52	0	33	19
Male.....1930	20	0	1	19
.....1934	21	0	4	17
Female.....1930	25	1	12	12
.....1934	31	0	29	2
Managers, etc: Total.....1930*	16	0	0	16
.....1934*	21	0	0	21

*All Male in 1930.

*1 Female in 1934.

Statement No. 8 is a comparative balance sheet for ten years. Statement No. 9 is a comparative profit and loss and surplus account for ten years. Statement No. 10 is a schedule of the expenses for ten years. These have been prepared from the financial statements of the company. The statement 11 shows departmental operating results for the year ending the 3rd February, 1934, showing the percentage of gross profit on cost of sales and the total of direct and indirect expenses on the profit or loss in each department. Direct expenses include a charge to each department for rent, interest and insurance on stock—commonly referred to as loading.

Q. What is the rate of interest?—A. Six per cent. The records of the company show an expenditure for the year of \$889,000, which is divided up against departments directly and indirectly; the principle being that as much as can be charged directly to a department on an actual ascertained basis is so charged, and the balance of indirect expenses, which come to about \$232,000 are charged on a percentage basis to sales.

Q. Yes. That is, there are certain expenses which can be definitely allocated to departments?—A. Yes.

Q. And these expenses are so allocated, but with respect to these general expenses which cannot be so allocated they are fairly allocated on the basis of the proportion of that department's sales to the total sales of the store?—A. Yes, these indirect expenses total 8.72 per cent of sales, so that particular percentage is taken in distributing them over the departments.

Q. Then there is added departmentally 8.72 per cent of sales, which gives the amount charged against the department for pro rated expenses?—A. Yes, sir.

Q. That is set out in the financial statement you have shown?—A. Yes. Consignment goods: It is only in very exceptional cases that any goods are purchased on consignment. The few cases that there were are in electrical goods, washing machines and radios; I think there was one instance in silks; women's dresses, ready-to-wear articles, etc., are never bought in that way.

Q. With reference to the financial statement, Exhibit 8: the total assets have grown from 1925?—A. From \$2,018,932.51 at the end of the year ending the 31st January, 1925, to \$3,597,910.68 as at the end of January, 1934.

Q. And the capital stock of the company?—A. The capital stock of the company, prior to the reorganization, stood at \$1,055,700 of common stock.

Q. At the present time there is outstanding and held by the public in preference shares?—A. \$928,000.

Q. And the balance is common stock?—A. The balance is common stock, \$475,700.

Q. Held by Mr. Freiman?—A. Held by Mr. Freiman and his associates.

Q. And the surplus has grown from?—A. \$362,065.11 in 1925—

By Mr. Kennedy (Peace River):

Q. What does that surplus include—does that indicate that profits were ploughed back into the company?—A. Yes, and money that was put in the first year.

Q. Dollar for dollar?—A. Dollar for dollar. The reorganization resulted in no writing up of assets except for the amount of \$395,000, of which \$367,000 was based on an appraisal of the company's assets—\$319,000 it was—on appraisal of fixed assets, and \$76,000 was from reserve for bad debts which was found to be in excess of the requirements; of that write-up \$300,000 was used to write off the books an amount of goodwill which had appeared on the books up to that time.

By Mr. Sommerville:

Q. There was no inflation?—A. No.

By Mr. Ilsley:

Q. There was a large increase in the total assets between January 31, 1929, and January 31, 1930; what was the reason for that, that seems to be the largest single increase.

The CHAIRMAN: It synchronizes with the issue of the stock.

Mr. NASH: It synchronizes with the issue of the stock. You will notice that goodwill drops by \$300,000 written off the assets. They wrote down goodwill, there was no inflation.

By Mr. Heaps:

Q. Was there some addition to the buildings that year?—A. Buildings have been added to periodically, more or less all along. At the present time it was a large part of a city block which is owned, and ten years ago there was very much less than that. They bought more land and added two floors to the building which they had and which they bought.

Q. Would not that account for some of the increase?—A. That would account for some of the increase, there is an increase being made from year to year. There was no specific big building program which went on in any one year.

By Mr. Sommerville:

Q. So that the total obligations to the public are represented by the outstanding preferred stock?—A. Yes, sir. That preferred stock carries—there is a reserve for the redemption of preferred stock on the balance sheet there; one clause at the time of the issue of that preferred stock was that 10 per cent of any profits available for common shares were to be used to establish a reserve for the redemption of preferred stock. That is how that got on the books.

Q. Then turning to statement 9, comparative profit and loss accounts?—A. Sales have increased from the year ending in January, 1925, from \$2,340,355.20 to \$2,822,416.53 in the last year.

Q. And they reached a maximum?—A. In the year ending the 31st January, 1931, \$4,021,630.26.

Q. You observe the comparison between 1927 and 1934 in the matter of sales and expenses—in the year 1927, what were sales and expenses?—A. In the year 1927, sales were \$2,752,614.97, as compared with expenses of \$1,944,997.

Q. No, no, expenses?—A. I beg your pardon; \$677,233.74.

Q. That is the expenses of that year when the sales were \$2,752,000, they ran to \$677,000?—A. Yes.

Q. In this last year the sales were— —A. \$2,822,416.53, and the expenses were \$843,782.27.

Q. About \$170,000 more?

Mr. NASH: From 25 per cent to 30 per cent.

By Mr. Sommerville:

Q. What has been the position with respect to the gross profit percentage on cost of sales—mark-ups?—A. The gross profits started off in the first year, that is January, 1925, at 43.2 per cent; and then the schedule is as follows: 39.95, 41.52, 41.64, 42.46, 41.81, 38.43, 41.13, 42.14, and 42.63 per cent.

Q. Not the variations, or the large increases, that we have observed in some cases?—A. No sir.

Q. Then the net profit or loss during the past year, after providing for Dominion income tax— —A. It was a loss for the last year of \$190.65.

Q. And there was a small loss the year before?—A. A small loss the year before.

Q. In the previous years there was a substantial profit?—A. There were profits ranging from \$293,000 down to \$115,000.

Q. Perhaps you would just give us these profits?—A. In the first year under consideration, ending January, 1925, the profits were \$115,048.67; in the next year \$118,048.96, then \$130,384.23, \$166,664.52, \$281,408.67, \$293,765.86, \$185,686.87, \$145,092.34, and a loss of \$1,311.30 in 1933, that brings us down to the loss for the last fiscal year of \$190.65.

Q. And that was after providing for the 6 per cent interest and all space charges to departments?—A. Yes, sir. There was no depreciation provided, except a very small amount in the last two fiscal years.

Mr. SENN: Are you going to analyze that item 5, expenses.

The CHAIRMAN: It is on Statement 10.

By Mr. Sommerville:

Q. It will be analyzed?—A. Yes.

Q. Next is Statement 10: Item No. 1, Salaries and Commissions; I presume that includes wages?—A. Yes, sir.

Q. Take the first item, there has been an increase there from \$299,000 in 1925, to \$419,247 in 1934. It did reach its peak—what was the amount?—A. \$527,000 odd in 1932.

Q. Then there is an increase in delivery charges, of what amount?—A. The first year it was nearly \$17,000, in the last year it was nearly \$30,000. It did exceed \$30,000 by a small amount in one year; but substantially the first and last years were respectively the lowest and the highest years.

Q. I observe an increase in taxes?

By Mr. Young:

Q. Why that increase in delivery charges with the falling off in the business?

The CHAIRMAN: Competition in service.

The WITNESS: Competition in service I would think is the chief thing.

Mr. SOMMERVILLE: And the wages of delivery men?

The CHAIRMAN: More competition, requiring more service.

The WITNESS: I think the public are expecting more service in the way of delivery, as well as it is in respect to attention behind the counter.

By Mr. Sommerville:

Q. Interest and exchange is an item I see, there has been a substantial increase in that?—A. That is an increase, it was \$39,000 in the first year and \$84,000 in the last year. It did reach a peak of \$113,000.

Q. I presume that is due to the increased buildings that were constructed?—A. Increased buildings and mortgages have increased a certain amount, as shown in statement No. 8.

By Mr. Young:

Q. That had nothing to do with the fluctuations of exchange on the purchases abroad?—A. Practically none at all, sir.

By Mr. Sommerville:

Q. And rent I observe here has increased?—A. Yes, on certain warehouse space.

Q. From?—A. Rent has increased from \$6,000, which was the low in the first year to \$25,000 in the last year.

Q. Is that larger premises rented?—A. Yes. There were very small premises rented to begin with and then there were larger premises rented. On the other hand, in the lower part of this particular statement there is an item "rent received," the last line, which shows the revenue received from rent.

Q. That is in respect of what premises?—A. That is in respect of some of the premises which they occupy and which they have leased to other tenants.

Q. And then there is an item "net premiums earned on time payment accounts" as a profit?—A. As a revenue.

Q. What is the explanation of that?—A. There is a deferred payment plan in the company under which 20 per cent is added to the sale price which the customer must pay unless he has paid his account within eighteen months of the time of the sale. If he has paid up his deferred payment within eighteen months he gets a rebate of this 20 per cent.

By Mr. Young:

Q. Is that 20 per cent reflected in the mark-up?—A. It is reflected in the sales.

By the Chairman:

Q. Included you mean?—A. Yes.

By Mr. Young:

Q. Then the man who pays cash gets his goods much below that mark-up.

Mr. SOMMERVILLE: The mark-up does not apply to the man who pays cash.

The WITNESS: He has to pay 20 per cent more if he does not pay cash, that is the only difference.

Mr. YOUNG: The man who buys on time pays just the same.

Mr. SOMMERVILLE: No, no, the mark-up is the same on the goods. When goods are sold on this deferred payment plan a provision is made that 20 per cent be added to the sale price, but if the purchaser pays within eighteen months nothing is charged.

The WITNESS: Right.

By Mr. Sommerville:

Q. He gets them at the cash price?—A. Right.

Q. And if he does not pay within eighteen months then this 20 per cent really becomes effective?—A. That is it.

Q. And it operates only after eighteen months?—A. Yes, sir.

Q. And only to the extent to which the account has not been paid within the eighteen months?—A. Yes, sir.

By Mr. Heaps:

Q. That is, on the unpaid portion of the account?—A. I have no definite information on that.

By Mr. Sommerville:

Q. But this \$49,000 represents the premium on these accounts which were not paid within eighteen months?—A. Yes, sir.

Q. And which go back into the receipts of the company and are credited in this way?—A. Yes, sir.

By Mr. Factor:

Q. And the mark-up has nothing to do with this?—A. No.

By Mr. Heaps:

Q. It is really a penalty for non-payment?—A. That is right.

By Mr. Sommerville:

Q. It is selling on cash terms if you pay within eighteen months?—A. Yes, sir, that is what it is.

Q. And in order to ensure payment within eighteen months then this penalty of 20 per cent is added?—A. Yes.

By Mr. Senn:

Q. I notice there is a substantial provision for bad debts in 1934, more than previously. Is that considered sufficient to meet the bad debts that have to be written off?—A. I am advised that that is the amount the auditors recommended should be provided in that year, in accordance with the condition of the accounts at the closing of the year.

The CHAIRMAN: This apparently is an adjusting year.

The WITNESS: I would think so, from the look of it.

By Mr. Senn:

Q. Would you say that the previous provisions for bad debts were all absorbed in former years or are part of them included in this amount?—A. The amounts actually provided in former years are not shown here. The auditors at the end of the last year considered that the amount needed was larger than before.

Q. But these amounts that were set aside in former years were they really bad debts that had been written off, or was it just a provision that had been made for them?—A. Provision for both I think. The usual method is to provide a certain amount to write off bad debts, and debts that look as if they might occur and become bad debts.

By Mr. Sommerville:

Q. In any event, this provision was made of \$67,000 last year?—A. Yes, sir.

Q. And because it was made as one of the items the expenses for the year are increased?—A. Yes.

Q. And that probably accounts for the small loss of \$190.

By Mr. Kennedy (Peace River):

Q. With regard to this item Salaries and Commission, that takes in wages?—A. Yes, sir.

Q. Have you a statement showing wages and salaries?—A. They are dealt with in a later statement.

By Mr. Senn:

Q. What is the nature of the commissions, are they commissions on sales?—A. Yes, sir.

By Mr. Sommerville:

Q. Will you just deal with the question of wages and salaries now?—A. There is a statement submitted in connection with this and I can outline the general policy and conditions.

Q. Yes?—A. With regard to the regular staff, store hours are from 9 to 6, six days a week, with 1½ hours off for lunch, making a 46½ hour week.

Overtime

Overtime after 6 p.m. and after 1 p.m. on Saturday afternoons in July and August when the store is closed, is paid for over and above the regular week's wages, at the regular rate.

Q. On a cash basis?—A. Yes.

Q. We had some evidence in connection with other companies where overtime was compensated by giving a person an hour off some other day?—A. They are paid in cash in this store. With regard to legal holidays, no reduction is made from regular weekly wages on account of legal or religious holidays upon which the store is closed. A full week's wage is still paid in spite of the fact that there might be a holiday in it.

Q. That covers not only legal but religious holidays?—A. Yes. With regard to bonuses, spiffs, and commissions, department managers in addition to their salaries get a bonus based on profits of their department. Spiffs are given at the discretion of department managers from time to time.

Q. "Spiffs," that is another name for a commission?—A. A spiff is a commission for moving certain lines of goods. It usually refers to goods which have been in the store for quite a little time and the managers are anxious to have them moved. In the furniture and ready-to-wear departments a commission is divided amongst salesmen when operating expenses for the department are less than a certain percentage of sales.

Employees' Discounts

Managers and assistant managers get 20 per cent and other employees 10 per cent on all purchases for their own use, except on clearing and broken lines in some cases.

Salary Cuts

Two cuts of 10 per cent each went into effect in March, 1932 and May, 1933 but these did not affect employees earning less than \$12 a week, nor did it reduce the wages of any employees to less than \$12 a week. In addition, married men, and many others earning over \$12 a week, were not cut and it was found that in effect the last 10 per cent cut worked out to about 5 per cent of the total pay-roll.

Q. 5 per cent of the total payroll, that is, it only affected half the employees?—A. No, it probably affected more than half the employees, but the actual total dollars of the payroll were only 5 per cent less rather than 10 per cent less.

Q. Oh yes.

By Mr. Kennedy (Peace River):

Q. Did it apply to all salaries?—A. It applied to everything over \$12 a week.

Q. The same rate?—A. Yes.

By Mr. Sommerville:

Q. Will you please proceed?—A. *Christmas Bonus.* Up till last year the company always paid a Christmas bonus, running up to \$100 for department managers.

Holidays

In the last year there have been no holidays with pay, but regular employees have been permitted to take time off without pay by arrangement. Previous to the last year, managers were given two weeks per annum with pay, and all other employees one week with pay and one week without pay, which could be expended by arrangement. Last year managers got 14 days holidays, one day at a time. They were not allowed off for two weeks time with pay but one day at a time when it was convenient.

Q. And there are certain sickness relief funds in the company?—A. Yes sir.

Q. To which the employees contribute?—A. Yes. All employees who wish to do so, pay 15 cents per week which entitles them to free medical attention of all kinds, including operations. A doctor retained by the company is in the store from 9 to 10 every morning for the purpose of attending to employees, and he is sent to the houses of any employees who may be off through sickness or accident. Those who do not wish to subscribe the 15 cents per week do not need to do so, and are not entitled to the services of the company doctor, but very frequently the company will have its doctor attend and even operate on valuable employees in spite of their not being numbered amongst subscribers.

All regular employees are entitled to be paid for one full week of sickness in each year, and this is extended in the case of each employee by one week for each year in which they have been in the service of the company. Individual consideration is, however, given to all cases of sickness, and a valuable or

promising employee kept away by a bona fide sickness or accident, whose means would be severely strained through non-receipt of wages, would in all probability be paid in full for at least a month of absence and often longer, even though the length of service did not provide for it.

Marital Status

There are no fixed rules, but in recent years preference has been given to those who need the employment, and to whom a salary is a virtual necessity. Married men get a minimum of \$18 a week.

Temporary Staff—Rates

Employees are taken on at a rate depending on experience, appearance, age, etc., i.e. according to their value, rather than to the minimum for which they could be obtained. They are paid at weekly rates but in the case of less than a full week, at hourly rates equivalent to their weekly rate.

Overtime

Temporary employees working for a full week for a fixed weekly rate, get overtime in addition, for any time in excess of regular store hours.

Legal Holidays

No deduction from weekly pay is made for temporary employees working for a full week in which a legal or religious holiday occurs.

Q. And do they get legal and religious holidays?—A. Yes. Regular employees get paid for holidays.

Q. Now your scale of wages?—A. That is statement No. 2.

Q. Statement No. 2 shows the total number of employees for 1934?—A. Yes, the total number of employees.

Q. 538 made up of?—A. 311 regular employees made up of 137 male and 174 female employees. I might add that in this company the number of temporary employees is very large in comparison with other department stores.

Q. And the temporary employees, according to this statement number to?—A. 228.

By the Chairman:

Q. A total of 538?—A. 538, yes.

By Mr. Sommerville:

Q. That is a very large percentage of temporaries is it not?—A. The regular temporary employee, that is, an employee taken on temporarily who is gradually becoming regular is not considered a regular employee until he has been six months in the service, so that in itself leaves a larger number of temporaries. In any event, it has been the practice in so far as possible to spread out employment among as many people as possible because of the difficulties of the last few years in connection with employment.

By Mr. Senn:

Q. Then they are not called temporary because of lack of experience, it is only because they are temporary employees?—A. Yes, sir; there are really two categories of temporary employees, that is regular temporaries and real temporaries.

Q. And the minimum wage does not apply to temporary employees, does it?

Mr. SOMMERVILLE: Oh yes, they have got to be paid the hourly rate based on the weekly rate.

By Mr. Sommerville:

Q. Now then, you have given us a statement below that, statement No. 3 showing the way in which these are divided up, total employees by grades?—A. These are regular employees down below, 311.

Q. 311 regular employees in 1934?—A. Yes, sir.

Q. Of whom 178 were getting under \$15 and 123 were getting over \$15?—A. Yes sir, \$15 or over.

Q. And in the case of women there were 137 female employees, 6 getting under \$12, 23 getting from \$12 to \$15, and 108 getting \$15 or over?—A. Yes sir. That is one comment that should be made in connection with that, in connection with the six male employees getting below \$12 and the four female employees; the records of the company give those particulars but in fact those consist, except in the case of two parcelers, of the same people working in different departments.

Q. Oh, getting some money from each department?—A. So all except two out of these ten would really be moved into the \$12 to \$14.99 category.

Q. That being so, there are only two out of the twelve then that would be getting below that?—A. Yes, sir.

By the Chairman:

Q. And they are parcelers?—A. Yes, sir.

Q. Inexperienced?—A. Yes.

By Mr. Heaps:

Q. They do not have to have grade 11 certificates to be parcelers there, do they, the same as in the Hudson's Bay?—A. Not that I have heard of, Mr. Heaps.

By Mr. Sommerville:

Q. Now then, with reference to your examples of price spreads, statement No. 11 indicated the maintained mark-up on the operations. What was the maintained mark-up for the year on all the operations?—A. 43 per cent.

Q. And in your dress goods?—A. 42 per cent in dress goods.

Q. In shoes?—A. 41 per cent.

Q. Ready-to-wear?—A. 37 per cent.

Q. Men's clothing?—A. 39 per cent.

Q. And furniture?—A. 37 per cent.

Q. Carpets?—A. 43 per cent.

Q. And on the average?—A. 43 per cent.

Q. After all mark-downs?—A. Yes, sir.

Q. And statements 4, 5, 6 and 7 give illustrations of these mark-ups. In the furniture department you have given us illustrations running from 27 per cent to?—A. 92 per cent.

Q. Yes, and the average on the whole is 37 per cent?—A. Yes, sir.

Q. And in men's clothing?—A. In men's clothing the average is 39 per cent; the individual spreads run from 78 per cent down to 20.7 per cent.

Q. Yes, and in women's ready-to-wear?—A. The average being 37 per cent; the individual spreads run from 95.2 per cent down to 11.1 per cent.

Q. And in women's shoes?—A. The average being 41 per cent; the spread is from 64.4 per cent down to mark-downs.

Q. Yes, there are three items there, one item calf pumps sold at 16 per cent below cost; one at 27 per cent below cost; and another sold at 28 per cent below cost?—A. Yes.

Mr. ILSLEY: They may have been clearance sales.

The WITNESS: That is the original mark-down that they put on the books.

Mr. SOMMERVILLE: The first bought at \$1.05 and marked to sell at 88 cents; the next bought at \$1.21 to sell at 88 cents; and the third bought at \$1.26 to sell at 88 cents.

The CHAIRMAN: All sold at 88 cents. I imagine it was a special sale.

The WITNESS: That is the only case of loss leader that we came across.

Mr. SOMMERVILLE: We will now take Dupuis Frères Limited

DUPUIS FRERES LIMITEE

COMPARATIVE BALANCE SHEETS AS AT 31ST JANUARY, 1925 TO 1934

		1925	1926	1927
		\$ cts.	\$ cts.	\$ cts.
	ASSETS			
1	<i>Current—</i>			
2	Cash on Hand and in Bank.....	19,070 91	11,734 74	41,887 16
3	Accounts Receivable.....	368,360 90	434,977 81	475,329 22
4	Bills Receivable.....	8,917 58	16,031 54	19,176 05
5	Reserve for Doubtful Accounts.....	5,000 00	9,500 00	9,000 00
6	Investments at Cost.....			
7	Merchandise.....	1,128,782 00	1,392,491 00	1,521,418 00
8	Supplies.....	6,26 68	8,022 00	8,022 00
9		1,526,399 39	1,853,757 09	2,056,832 43
10	<i>Sundry—</i>			
11	Life Insurance Policies—			
12	Premiums Paid.....	62,182 17	62,182 17	62,182 17
13	Cash Surrender Value.....			
14	Accumulated Reserves, Mutual Fire Insurance Com- panies.....			
15	Accounts Paid in Advance.....			
16	Mail Order Investment.....			
17	Promotion Expense.....			
18	Deferred Charges.....	172,944 27	167,747 20	233,660 70
19	Sinking Fund Investments.....	48,000 00	48,000 00	48,700 00
20		283,126 44	277,929 37	344,542 87
21	<i>Fixed—</i>			
22	Land and Buildings.....	2,146,204 15	2,181,657 22	2,181,139 64
23	Furniture, Fixtures & Rolling Stock.....	466,088 31	497,731 40	512,809 13
24	Depreciation Reserve, Furniture, Fixtures and Rolling Stock.....	24,760 00	32,160 00	43,560 00
25		2,587,532 46	2,647,228 62	2,650,388 77
26	<i>Goodwill.....</i>	1,239,920 38	1,239,920 38	1,239,920 38
27		5,636,978 67	6,018,835 46	6,291,684 45
	LIABILITIES			
28	<i>Current—</i>			
29	Bank Loan.....	690,000 00	887,510 97	
30	Accounts Payable—Trade.....	213,996 83	348,382 75	481,568 87
31	Sundry.....	47,996 36	21,471 48	26,965 92
32	Bills Payable.....	61,561 78	92,348 90	118,593 74
33	Accrued Interest on Mortgages.....	900 00	1,060 00	8,962 00
34	Accrued Dividends on Preferred Stock.....	29,872 34	31,453 31	31,195 31
35	Reserve for Income Taxes.....			
36		1,044,327 31	1,382,227 41	667,285 84
37	<i>Reserves—</i>			
38	Reciprocal Insurance.....			
39	Contingencies.....	28,189 87	46,812 80	43,554 30
40	Accrued Charges.....	12,905 15	15,355 91	13,685 06
41		41,095 02	62,168 71	57,239 36
42	<i>Fixed—</i>			
43	Mortgages and Long Term Loans.....	47,390 00	67,390 00	1,055,475 80
44	<i>Capital—</i>			
45	Special Redeemable Pfd.....	1,595,500 00	1,595,500 00	1,595,500 00
46	Common.....	2,000,000 00	2,000,000 00	2,000,000 00
47	Surplus—Previous Balance.....	887,849 51	908,666 34	911,549 34
48	For year.....	20,816 83	2,883 00	4,634 11
49		4,504,166 34	4,507,049 34	4,511,683 45
50		5,636,978 67	6,018,835 46	6,291,684 45

Statement No. 1

DUPUIS FRERES LIMITEE

COMPARATIVE BALANCE SHEETS AS AT 31ST JANUARY 1925 TO 1934

1928	1929	1930	1931	1932	1933	1934	
\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
50,295 29	23,259 56	20,771 11	20,121 87	30,347 48	36,638 16	36,754 77	1
573,009 49	499,869 94	487,655 59	535,380 00	553,121 54	501,982 36	474,276 64	2
10,650 85	10,650 85	9,400 85					3
9,250 00	7,250 00	7,643 93	53,538 00	46,602 30	40,101 80	54,283 48	4
			5,160 00	122,179 52	124,055 02	12,577 50	5
1,767,036 42	1,486,040 00	1,246,449 39	1,020,649 50	895,753 54	789,954 48	716,137 36	6
11,038 00	10,175 00	10,954 00	11,344 00	10,689 00	9,960 00	8,285 00	7
2,402,780 05	2,022,745 35	1,767,587 01	1,539,117 37	1,565,488 78	1,422,488 22	1,193,747 79	8
							9
62,182 17							10
	77,147 00	82,549 00	88,605 09	85,987 58	37,201 25	39,759 10	11
							12
			7,681 23	9,447 08	9,853 09	11,619 98	13
42,325 68	36,063 68	30,011 78	25,000 00	19,262 77			14
		75,000 00	75,000 00	75,000 00	75,000 00	75,000 00	15
20,000 00	20,000 00	50,000 00	50,000 00	50,000 00	50,000 00	50,000 00	16
169,618 30	146,084 74	137,993 46	115,155 46	104,106 34	74,217 57	57,915 76	17
59,300 00	67,500 00	79,000 00	91,400 00	91,400 00	92,600 00	251,300 00	18
							19
353,426 15	346,795 42	454,554 24	452,841 78	435,203 77	338,871 91	485,594 84	20
2,188,656 35	2,188,656 35	2,188,656 35	2,189,251 35	2,202,962 35	2,178,047 15	2,133,047 15	21
579,698 44	597,565 92	622,389 53	647,602 72	674,487 13	685,749 36	694,948 10	22
57,960 00	82,595 40	100,000 00	112,000 00	125,000 00	142,164 60	187,681 53	23
2,710,394 79	2,703,626 87	2,711,045 88	2,724,854 07	2,752,449 48	2,721,631 91	2,640,313 72	24
1,239,920 38	1,239,920 38	1,239,920 38	1,239,920 38	1,239,920 38	1,239,920 38	1,239,920 38	25
6,706,521 37	6,313,088 02	6,173,107 51	5,956,733 60	5,993,062 41	5,722,912 42	5,559,576 73	26
503,939 32	275,000 00	225,000 00	100,000 00	50,000 00	50,000 00		27
411,077 60	255,173 19	166,734 51	202,319 29	305,530 63	210,242 54	136,594 51	28
25,645 38	18,122 20	14,613 32	7,049 41	9,261 39	13,123 83		29
113,270 83	101,129 68	117,055 25	112,613 75	112,222 27	39,137 79	66,973 60	30
420 00	30,267 00	30,189 06	30,186 00	28,750 89	25,738 00	24,867 00	31
31,327 31	31,675 31	31,299 31	30,933 31	31,237 31	737 31	149,842 31	32
	15,000 00	9,114 11	5,766 08	8,000 00	12,322 52	11,947 37	33
1,085,680 44	726,367 38	594,005 50	488,867 84	545,002 49	351,301 99	390,224 79	34
							35
			7,681 23	9,447 08	9,853 09	11,619 98	36
45,544 92							37
							38
							39
45,544 92			7,681 23	9,447 08	9,853 09	11,619 98	40
1,055,475 80	1,055,475 80	1,035,475 80	1,059,725 80	1,037,032 48	957,077 00	910,000 00	41
							42
1,595,500 00	1,595,500 00	1,595,500 00	1,595,500 00	1,595,500 00	1,595,500 00	1,595,500 00	43
2,000,000 00	2,000,000 00	2,000,000 00	2,000,000 00	2,000,000 00	2,000,000 00	2,000,000 00	44
916,183 45	924,320 21	935,744 84	948,126 21	804,958 73	806,080 36	809,180 34	45
8,136 76	11,424 63	12,381 37	143,167 48	1,121 63	3,099 98	156,948 38	46
4,519,820 21	4,531,244 84	4,543,626 21	4,400,458 73	4,401,580 36	4,404,680 34	4,247,731 96	47
6,706,521 37	6,313,088 02	6,173,107 51	5,956,733 60	5,993,062 41	5,722,912 42	5,559,576 73	48

DUPUIS FRERES LIMITEE

COMPARATIVE STATEMENT OF TRADING AND PROFIT AND LOSS FOR THE YEARS ENDED 31ST JANUARY
1925 TO 1934

		1925	1926	1927
		\$ cts.	\$ cts.	\$ cts.
1	Store—			
2	Sales.....			
3	Cost of Sales—			
4	Opening Inventory.....			
5	Add—Purchases.....			
6	Duty and Freight.....			
7				
8	Deduct—Closing Inventory.....			
9				
10	Gross Profit.....			
11	General Expenses.....			
12	Bad Debts.....			
13	NET PROFIT.....			
14	Mail Order—			
15	Sales.....			
16	Cost of Sales—			
17	Opening Inventory.....			
18	Purchases, including Duty and Freight.....			
19				
20	Closing Inventory.....			
21	Gross Profit.....			
22	General Expenses.....			
23	NET LOSS.....			
24	Consolidated—			
25	Sales.....	4,748,258 89	5,242,722 97	5,868,718 05
26	Cost of Sales—			
27	Opening Inventory.....	1,075,168 00	1,128,782 00	1,392,491 00
28	Add—Purchases, Duty and Freight.....	3,344,533 44	3,860,281 06	4,263,522 88
29		4,419,701 44	4,989,063 06	5,656,013 88
30	Deduct—Closing Inventory.....	1,128,782 00	1,392,491 00	1,521,418 00
31		3,290,919 44	3,596,572 06	4,134,595 88
32	Gross Profit.....	1,457,339 45	1,646,150 91	1,734,122 17
33	General Expenses.....	1,296,113 98	1,506,422 42	1,606,631 89
34	NET PROFIT.....	161,225 47	139,728 49	127,490 28
35	Surplus Adjustments—			
36	Income Tax Provision.....	16,718 72	14,461 49	232 17
37	Preferred Stock Dividends.....	123,689 92	122,384 00	122,624 00
38	Discount on Preferred Stock written off.....			
39	Adjustment re Life Insurance.....			
40	Excess Book Value of Insurance Collected.....			
41	Profit on Exchange.....			
42	Depreciation Adjustment.....			
43	Profit on Preferred Shares Redeemed.....			
44	Loss on Sale of Real Estate.....			
45		140,408 64	136,845 49	122,856 17
46	NET INCREASE IN SURPLUS.....	20,816 83	2,883 00	4,634 11

*Includes Reorganization Expenses.

Statement No. 2

DUPUIS FRERES LIMITEE

COMPARATIVE STATEMENT OF TRADING AND PROFIT AND LOSS FOR THE YEARS ENDED 31ST JANUARY,
1925 TO 1934

1928	1929	1930	1931	1932	1933	1934	
\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
5,069 352 98	4,619,874 96	4,485,324 84	4,212,917 98	4,111,390 99	3,552,192 16	3,528,471 41	1
1,521,418 00	1,377,408 00	1,118,953 00	899,868 00	786,480 30	735,706 98	652,482 48	2
3,171,830 34	2,749,122 07	2,740,358 88	2,675,160 88	2,669,990 43	2,288,529 89	2,341,821 61	3
148,963 42	112,763 17	100,357 22					4
4,842,211 76	4,239,293 24	3,959,669 10	3,575,028 88	3,456,470 73	3,024,236 87	2,994,304 09	5
1,377,408 00	1,118,953 00	899,868 00	786,480 30	735,706 98	652,482 48	604,831 00	6
3,464,803 76	3,120,340 24	3,059,801 10	2,788,548 58	2,720,763 75	2,371,754 39	2,389,473 09	7
1,604,549 22	1,499,534 72	1,425,523 74	1,424,369 40	1,390,627 24	1,180,437 77	1,138,998 32	8
1,450,994 40	1,309,229 57	1,273,289 30	1,213,518 60	1,200,807 23	1,099,334 75	988,627 03	9
5,835 36	3,913 32	12,945 48	52,358 32	9,719 27	9,160 00	50,667 71	10
147,719 46	186,391 83	139,288 96	158,492 48	180,109 74	71,943 02	99,703 58	11
1,799,775 54	2,109,542 50	2,302,318 27	2,042,821 14	2,056,130 22	1,400,039 60	1,048,623 35	12
364,582 61	389,628 42	367,087 00	346,581 39	234,169 20	160,046 56	137,472 00	13
1,303,593 60	1,400,683 77	1,545,670 88	1,307,506 01	1,308,962 04	901,417 33	682,038 13	14
1,668,176 21	1,790,312 19	1,912,154 88	1,654,087 40	1,543,131 24	1,061,463 89	819,510 13	15
389,628 42	367,087 00	346,581 39	234,169 20	160,046 56	137,472 00	111,306 36	16
1,278,547 79	1,423,225 19	1,565,573 49	1,419,918 20	1,383,084 68	923,991 89	708,203 77	17
521,227 75	686,317 31	736,744 78	622,902 94	673,045 54	476,047 71	340,419 56	18
531,020 45	739,072 51	742,652 37	764,775 58	711,043 86	545,537 29	408,969 64	19
9,792 70	52,755 20	5,907 59	141,872 64	37,998 32	69,489 58	68,550 08	20
6,869,128 52	6,729,417 46	6,767,643 11	6,255,739 12	6,157,521 21	4,952,231 76	4,577,094 74	21
1,521,418 00	1,767,036 42	1,486,040 00	1,246,449 39	1,020,649 50	895,753 54	789,954 48	22
4,988,969 97	4,262,569 01	4,385,783 98	3,982,666 89	3,978,952 47	3,189,947 22	3,023,859 74	23
6,510,387 97	6,029,605 43	5,871,823 98	5,229,116 28	4,999,601 97	4,085,700 76	3,813,814 22	24
1,767,036 42	1,486,040 00	1,246,449 39	1,020,649 50	895,753 54	789,954 48	716,137 36	25
4,743,351 55	4,543,565 43	4,625,374 59	4,208,466 78	4,103,848 43	3,295,746 28	3,097,676 86	26
2,125,776 97	2,185,852 03	2,162,268 52	2,047,272 34	2,063,672 78	1,656,485 48	1,479,417 88	27
1,987,850 21	2,052,215 40	2,028,887 15	2,030,652 50	1,921,561 36	1,654,339 29	1,448,264 38	28
137,926 76	133,636 63	133,381 37	16,619 84	142,111 42	2,146 19	31,153 50	29
8,000 00			2,167 32	7,437 60	13,000 00		30
121,790 00	122,212 00	121,000 00	120,070 00	120,328 00		161,304 00	31
			13,300 00	13,300 00	13,300 00	19,004 47	32
			24,250 00	75 81		4,960 89	33
					16,111 14		34
					307 25		35
					10,835 40		36
						42,167 48	37
						45,000 00	38
129,790 00	122,212 00	121,000 00	159,787 32	140,989 79	953 79	188,101 88	39
8,136 76	11,424 53	12,381 37	143,167 48	1,121 63	3,099 98	156,948 38	40

DUPUIS FRERES LIMITEE

(Store)

STATEMENT OF GENERAL EXPENSES FOR THE YEAR ENDED JANUARY 31ST, 1934

	\$	\$
Administration—		
Salaries.....	139,390 62	
Supplies.....	4,584 97	
Sundry Expense.....	6,195 42	
Taxes.....	12,451 26	
Executive Expense.....	10,758 60	
Insurance.....	12,159 84	
Postage.....	7,044 82	
Telephone.....	7,566 79	
Interest on Stock.....	41,503 00	
Bad Debts.....	50,667 71	
		292,323 03
Occupancy—		
Salaries.....	35,997 86	
Supplies.....	6,722 81	
Sundry Expense.....	128 21	
Sundry Rentals.....	16,490 68	
Taxes.....	27,214 88	
Insurance.....	1,700 34	
Coal.....	6,461 33	
Repairs.....	5,301 94	
Light and Power.....	22,272 43	
Interest on Building.....	126,000 00	
Depreciation.....	39,492 75	
		287,783 23
Advertising—		
Salaries.....	18,117 20	
Supplies.....	9,422 84	
Sundry Expense.....	3,627 85	
Circulars and Pamphlets.....	662 11	
Programmes and Periodicals.....	7,062 49	
Newspapers.....	120,733 20	
Catalogue—Clergy.....	1,767 53	
		161,393 22
Buying—		
Salaries.....	58,567 54	
Supplies.....	1,808 49	
Sundry Expense.....	259 29	
Travelling Expense.....	3,724 79	
		64,360 11
Selling Expense—		
Salaries.....	329,915 48	
Supplies.....	53,031 62	
Sundry Expense.....	17,294 16	
Taxes and Licenses.....	1,597 50	
Repairs.....	6,107 82	
Insurance.....	1,511 84	
Interest on Rolling Stock.....	2,400 00	
Sundry Credits—Mail Order Division.....	3,646 98	
Depreciation on Rolling Stock.....	1,158 20	
		409,369 64
Interest on Loans.....	13,409 12	
Alterations.....	26,161 85	
		39,570 97
Deduct—		1,254,800 20
Discounts taken.....	43,330 98	
Sundry Revenue.....	2,271 48	
Interest on Merchandise and Rents.....	169,903 00	
		215,505 46
		1,039,294 74
SUMMARY—		
Bad Debts.....		50,667 71
General Expense.....		988,627 03
		1,039,294 74

DUPUIS FRERES LIMITEE

STATEMENT No. 2B

(Mail Order Division)

GENERAL EXPENSES FOR THE YEAR ENDING JANUARY 31ST, 1934

	\$	\$
Administration—		
Salaries.....	34,436 10	
Supplies.....	1,421 73	
Taxes.....	1,268 00	
Insurance.....	1,787 79	
Postage.....	3,677 29	
Telephone.....	1,533 99	
Sundry Expense.....	1,509 67	
		45,634 57
Occupancy—		
Salaries.....	4,612 74	
Sundry Expense.....	553 96	
Rent.....	13,830 83	
Light and Power.....	857 43	
Repairs.....	717 12	
		20,572 08
Advertising—		
Salaries.....	4,284 29	
Newspapers.....	674 10	
Circulars.....	1,264 10	
Supplies.....	200 95	
Sundry Catalogue Expense.....	112 67	
Mid-Summer Catalogue.....	17,513 62	
Autumn Catalogue.....	33,483 29	
Mid-Winter Catalogue.....	16,253 60	
Spring Catalogue.....	38,963 28	
Catalogue—Holiday Season.....	9,358 76	
Special Catalogue.....	31 38	
Circular Catalogue.....	1,124 12	
		123,264 16
Buying—		
Salaries.....	25,557 53	
Supplies.....	74 55	
Receiving Room Expense.....	1,965 38	
Travelling.....	384 73	
Telegrams.....	64 83	
		28,047 02
Shipping and Delivery—		
Salaries.....	43,565 30	
Supplies.....	15,893 94	
Freight and Express.....	86,889 12	
Sundry Expense.....	1,598 82	
		147,947 18
M.O.D.—Store—		
Insurance.....	10 00	
Buying—		
Salaries.....	\$ 897 10	
Sundry Expense.....	49 14	
	946 24	
Selling—		
Salaries.....	\$1,183 59	
Sundry Expense.....	88 55	
Rebates on Transfers.....	95 25	
	1,367 39	
		2,323 63
MANUFACTURING—Furrier—		
Rebates.....	141 30	
Sundry.....	10 00	
		131 30
MANUFACTURING—Dresses—		
Salary and Commissions.....	\$ 129 99	
Sundry Expense.....	9 53	
Rebates.....	842 10	
Taxes—Sales Tax.....	813 48	
	1,795 10	
Less:—Sundry Revenue.....	137 48	
		1,657 62
MANUFACTURING—Coats—		
Rebates.....	1,446 77	
Taxes—Sales Tax.....	813 47	
Sundry.....	0 65	
		2,260 89

DUPUIS FRERES LIMITEE

STATEMENT No. 2B

(Mail Order Division)

GENERAL EXPENSES FOR THE YEAR ENDING JANUARY 31ST 1934

	\$	\$
SUNDRY DEPARTMENTAL EXPENSES—		
General.....	494 86	
Cafeteria.....	19 15	
American and Foreign Exchange.....	90 88	
Adjustment <i>re</i> Accounts Payable.....	143 79	
		461 10
Loss on Goods transferred to Store.....		2,077 39
Loss on Sales of Furniture and Fixtures.....		1,246 68
Commissions.....		992 13
Collection on Cheques.....		2,421 52
Bad Debts.....		886 83
Interest and Discount allowed—		
Discounts <i>re</i> Accounts Receivable.....	489 43	
Interest—Catalogue.....	78 57	
Special Discount.....	129 84	
		697 84
Interest on Loan from Store.....		38,148 75
		418,770 69
Deduct:		
Interest and Discount Earned—		
Interest on Contracts.....	\$ 10 50	
Discount on Accounts Payable.....	12,854 40	
Bond Interest.....	90 00	
	12,954 90	
Deduct:		
Sundry Revenue—		
Sundry.....	\$ 530 00	
Post office.....	931 37	
C.O.D.....	12 95	
	1,474 32	
Administration—Printer—		
Salary.....	\$ 1,488 17	
Purchases.....	2,622 46	
	\$ 4,110 63	
Less:—Revenue.....	6,143 00	
	2,032 37	
		16,461 59
		402,309 10
ADD:—		
Replacement of Goods lost or damaged in transit.....	1,794 56	
Depreciation.....	4,865 98	
		6,660 54
		408,969 64

PRICE SPREADS AND MASS BUYING

No.	Department Name	Sales		Cost of Sales		Gross Profit before W.D., E.D., Shortages and Adjustments		W.D., E.D., Shortages and Adjustments		Gross Profit		Percent to Cost of Sales		Expenses		Result	
		\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	%	cts.	\$	cts.	\$	cts.
1	Silks.....	59,463 00		35,399 00		24,064 00		7,423 00		16,641 00		47.0		18,654 00			
2	Piece Goods.....	50,519 00		28,355 00		22,164 00		2,287 00		19,877 00		70.1		15,776 00		4,101 00	2,013 00
3	Furs—Dupuis.....	1,468 00		101 00		1,367 00				1,367 00				1,680 00		687 00	
4	Men's Boots and Shoes.....	61,267 00		39,905 00		21,362 00		202 00		21,160 00		53.0		19,764 00		1,396 00	
5	Ribbons and Handkerchiefs.....	45,379 00		25,568 00		19,811 00		3,330 00		16,481 00		64.4		14,657 00		1,824 00	
6	Lace.....	8,985 00		4,955 00		4,030 00		197 00		3,833 00		77.3		3,377 00		456 00	
7	Woolens.....	19,589 00		11,978 00		7,611 00		262 00		7,349 00		61.3		4,309 00		3,040 00	
8	Optical.....	66,526 00		31,664 00		34,862 00		98 00		34,764 00		109.8		26,020 00		8,744 00	
9	Small Wares.....	58,887 00		34,424 00		24,463 00		1,397 00		23,066 00		67.0		21,677 00		1,389 00	
10	Purses and Leather Goods.....	31,528 00		19,178 00		12,350 00		2,208 00		10,142 00		52.9		10,092 00		50 00	
11	Gloves and Umbrellas.....	56,867 00		35,656 00		21,211 00		3,486 00		17,725 00		49.7		16,332 00		1,393 00	
12	Ladies' Stockings.....	128,460 00		82,946 00		45,514 00		5,580 00		39,934 00		48.1		31,142 00		8,792 00	
13	Children's Clothing.....	145,369 00		90,737 00		54,632 00		5,363 00		47,269 00		52.6		37,626 00		10,123 00	
								{ W.R. }									
14	Trunks and Bags.....	13,017 00		8,290 00		4,727 00		1,520 00		4,284 00		51.6		5,172 00			888 00
15	Haberdashery.....	161,238 00		102,478 00		58,760 00		9,199 00		49,561 00		47.5		43,539 00		6,022 00	
16	Wall Paper.....	48,382 00		25,236 00		23,146 00		1,781 00		21,365 00		84.6		22,200 00			835 00
17	Lincens and Cottons.....	126,232 00		83,798 00		42,434 00		3,283 00		39,141 00		46.7		37,054 00		2,087 00	
18	Furniture.....	119,956 00		76,803 00		43,153 00		253 00		34,256 00		44.6		46,569 00			12,313 00
								{ W.R. }									
19	Wash Goods.....	86,200 00		54,170 00		32,030 00		5,325 00		26,705 00		49.3		23,879 00		2,826 00	
20	Millinery.....	49,548 00		28,576 00		20,972 00		2,772 00		17,307 00		60.5		18,943 00			1,636 00
								{ W.R. }									
21	Articles on Wheels.....	13,200 00		8,422 00		4,778 00		1,030 00		3,728 00		44.2		3,863 00			135 00
22	Women's Ready-to-Wear.....	93,195 00		56,569 00		36,626 00		4,941 00		30,400 00		53.8		26,412 00		4,048 00	
								{ W.R. }									
23	Dresses and Coats.....	85,868 00		51,717 00		34,151 00		1,225 00		26,650 00		51.4		21,986 00		4,664 00	
								{ W.R. }									
24	Toys.....	33,727 00		20,021 00		13,706 00		3,137 00		10,569 00		52.7		13,194 00			2,625 00
25	Women's Shoes.....	77,617 00		50,413 00		27,204 00		2,473 00		24,731 00		49.0		25,383 00			652 00
26	Washing Machines.....	35,566 00		22,301 00		13,265 00		235 00		13,030 00		58.4		12,923 00		107 00	
27	Electrical Supplies.....	57,689 00		37,590 00		20,099 00		2,178 00		17,921 00		47.6		18,758 00			837 00
28	Kitchenware.....	40,744 00		25,589 00		15,155 00		1,555 00		13,600 00		53.1		17,964 00			4,364 00
29	Butterick Patterns.....	6,064 00		4,318 00		1,746 00		25 00		1,721 00		39.8		1,613 00		108 00	
30	Patent Medicine.....	14,507 00		10,500 00		4,007 00		609 00		3,398 00		32.3		4,314 00			916 00
31	Dress Trimmings.....	4,254 00		2,397 00		1,947 00		520 00		1,397 00		58.5		1,434 00			37 00
32	Pastry.....	20,674 00		9,919 00		10,755 00				10,755 00		111.6		11,389 00			634 00
33	Crockery and Glassware.....	41,690 00		25,148 00		16,542 00		229 00		16,313 00		64.8		19,399 00			3,086 00
34	Restaurant.....	87,631 00		41,475 00		46,156 00		10,499 00		35,657 00		85.9		43,637 00			7,980 00
35	Candy.....	26,803 00		17,456 00		9,347 00		2,034 00		7,313 00		41.8		9,378 00			2,065 00
36	Beauty Parlor.....	13,049 00		1,568 00		11,481 00		74 00		11,407 00		727.5		12,132 00			725 00
37	Fancy Work.....	17,337 00		10,587 00		6,750 00		704 00		5,686 00		53.6		9,881 00			4,195 00
								{ W.R. }									
38	Gramophones.....	7,483 00		5,772 00		1,711 00		153 00		1,558 00		26.9		1,894 00			336 00

DUPUIS FRERES LIMITEE

STATEMENT OF DEPARTMENTAL PROFIT AND LOSS FOR THE YEAR ENDED 31st JANUARY, 1934

SPECIAL COMMITTEE

No.	Department Name	Sales \$ cts.	Cost of Sales \$ cts.	Gross Profit before W.D., E.D., Shortages and Adjustments \$ cts.	W.D., E.D., Shortages and Adjustments \$ cts.	Gross Profit \$ cts.	Percent to Cost of Sales %	Expenses \$ cts.	Result	
									Profit \$ cts.	Loss \$ cts.
40	Pictures.....	12,998 00	10,400 00	2,598 00	.....	2,598 00	24.9	3,499 00	.....	901 00
41	Stoves and Refrigerators.....	42,857 00	28,068 00	14,789 00	1,714 00	13,075 00	46.5	15,041 00	.....	1,966 00
42	Children's Underwear.....	96,602 00	58,094 00	38,508 00	3,073 00	35,435 00	61.0	28,166 00	7,269 00	
43	Cigars and Cigarettes.....	18,952 00	14,034 00	4,918 00	1,024 00	3,894 00	27.7	4,598 00	.....	704 00
44	Jewelry.....	40,384 00	20,420 00	19,964 00	3,144 00	16,820 00	82.3	13,620 00	3,200 00	
45	Stationery.....	45,999 00	27,317 00	18,682 00	1,911 00	16,771 00	61.4	15,409 00	1,362 00	
46	Religious Articles.....	60,886 00	36,265 00	24,621 00	1,990 00	20,443 00	64.4	20,095 00	348 00	
47	Silverware.....	43,520 00	25,046 00	18,474 00	2,482 00	15,992 00	52.7	16,072 00	.....	80 00
48	Children's Furnishings.....	74,866 00	46,610 00	28,256 00	4,317 00	23,939 00	51.3	23,553 00	386 00	
49	Men's Clothing.....	93,179 00	58,475 00	34,704 00	3,405 00	29,849 00	51.1	26,107 00	3,742 00	
50	Men's Hats.....	23,009 00	14,567 00	8,442 00	1,450 00	7,242 00	57.2	5,650 00	1,592 00	
51	Radios.....	65,464 00	35,483 00	29,981 00	1,200 00	22,580 00	63.6	22,104 00	476 00	
52	Sporting Goods.....	49,871 00	31,265 00	18,606 00	3,380 00	16,013 00	51.2	17,157 00	.....	1,144 00
53	Oilcloth.....	58,014 00	37,623 00	20,391 00	2,593 00	19,607 00	52.1	15,395 00	4,212 00	
54	Paints.....	38,844 00	24,622 00	14,222 00	1,100 00	13,590 00	55.2	10,255 00	3,335 00	
55	Popcorn (Leased).....	2,226 00	1,554 00	672 00	.....	672 00	35.2	242 00	430 00	
56	Corsets.....	44,074 00	27,578 00	16,496 00	1,120 00	15,376 00	55.7	10,093 00	5,283 00	
57	Lingerie.....	41,244 00	26,294 00	14,950 00	1,911 00	13,039 00	47.4	13,185 00	.....	146 00
58	House Dresses.....	51,548 00	33,172 00	18,376 00	1,759 00	16,617 00	50.0	14,280 00	2,337 00	
59	Curtains and Drapes.....	72,425 00	42,963 00	29,462 00	3,123 00	24,795 00	57.7	23,320 00	1,475 00	
60	Rugs.....	62,433 00	38,483 00	23,950 00	1,544 00	19,128 00	49.7	21,894 00	.....	2,766 00
61	Contracts—Rugs and Linoleum.....	5,477 00	5,282 00	195 00	30 00	225 00	4.3	534 00	.....	309 00
62	McCall Patterns.....	4,744 00	2,444 00	2,300 00	9 00	2,309 00	94.4	1,664 00	645 00	
63	Woollen Underwear.....	34,405 00	21,086 00	13,319 00	49 00	13,270 00	36.5	8,293 00	4,977 00	
64	Embroidery.....	126 00	57 00	69 00	530 00	461 00	.....	44 00	.....	505 00
65	Frigidaire.....	16,253 00	10,313 00	5,940 00	1,294 00	4,646 00	45.0	4,311 00	335 00	
66	Hoovers.....	11,089 00	9,601 00	1,488 00	.....	1,488 00	15.4	1,757 00	.....	269 00
57	Perfumes—Rigaud.....	4,256 00	2,553 00	1,703 00	.....	1,703 00	66.7	1,181 00	522 00	
68	Sewing Machines.....	10,602 00	7,030 00	3,572 00	73 00	3,499 00	49.7	3,990 00	.....	491 00
69	Princess Pat Perfumes (Leased).....	24,053 00	22,822 00	1,231 00	.....	305 00	66.1	139 00	166 00	
70	Groceries.....	134 00	22,822 00	1,231 00	.....	1,231 00	5.4	1,200 00	31 00	
71	Used Radios.....	1,466 00	1,145 00	321 00	87 00	554 00	.....	.....	.....	554 00
72	Studio Eugene.....	4,580 00	3,320 00	1,260 00	169 00	1,091 00	28.0	187 00	134 00	
73	Perfume—Hudnut.....	.....	.....	.....	.....	.....	32.8	1,156 00	.....	65 00

DUPUIS FRERES LIMITEE

STATEMENT DEPARTMENTAL PROFIT AND LOSS FOR THE YEAR ENDED 31st JANUARY, 1934

PRICE SPREADS AND MASS BUYING

3629

No.	Department Name	Sales \$ cts.	Cost of Sales		Gross Profit before W.D., E.D., Shortages and Adjustments		W.D., E.D., Shortages and Adjustments		Gross Profit \$ cts.		Percent to Cost of Sales %	Expenses		Result	
			\$	cts.	\$	cts.	\$	cts.	\$	cts.		\$	cts.	Profit \$	Loss \$ cts.
74	Perfume—Gay Parce.....	4,627 00	3,079 00		1,548 00			3 00	1,545 00		50.1	1,077 00		468 80	
75	Perfume—Exki.....	2,727 00	1,878 00		849 00				849 00		44.7	659 00		190 00	
76	Perfume—Mon Reve.....	384 00	281 00		103 00				103 00		36.6	127 00			24 00
77	Toilet Articles.....	48,922 00	32,473 00		16,449 00			3,268 00	13,181 00		40.6	16,479 00			3,298 00
79	Vi-Tone.....	713 00	475 00		238 00				238 00		50.1	196 00		42 00	
80	Bedding.....	73,712 00	49,186 00		24,526 00			1,303 00	23,223 00		47.2	19,740 00		3,483 00	
81	Hardware.....	22,308 00	14,291 00		8,017 00			657 00	7,360 00		51.5	6,902 00		458 00	
82	Furs.....	36,305 00	23,528 00		12,777 00			1,188 00	11,589 00		49.2	8,383 00		3,206 00	
83	Working Clothes.....	15,468 00	9,657 00		5,811 00			894 00	4,917 00		50.9	3,822 00		1,095 00	
84	Sheet Music (Leased).....	2,907 00	2,557 00		350 00				350 00		13.6	330 00		20 00	
85	Pictorial Patterns.....	3,267 00	824 00		2,443 00			249 00	2,692 00		326.6	1,020 00		1,672 00	
86	Perfume—Marceaux.....	556 00	397 00		159 00				159 00		40.0	135 00		24 00	
88	Boots and Shoes Basement.....	16,187 00	10,115 00		6,072 00			726 00	5,346 00		52.8	4,979 00		367 00	
89	Vacuum Cleaners—Premier, Duplex.....	7,085 00	5,932 00		1,153 00			3 00	1,150 00		19.3			89 00	1,789 00
90	Alteration Workroom.....	3,247 00	3,214 00		33 00			1,822 00	1,789 00		55.6				
91	Alteration Workroom.....	2,188 00	1,274 00		914 00			27 00	887 00		69.6				
92	Alteration Workroom.....	616 00	259 00		357 00			333 00	24 00		9.2			24 00	
94	Men's Furnishings—Basement.....	17,603 00	11,189 00		6,414 00			1,128 00	5,286 00		47.2	4,377 00		909 00	
96	Shoe Repairs.....	2,312 00	664 00		1,648 00				1,648 00		248.0	1,876 00			228 00
97	Boots and Shoes—Basement.....	29,943 00	19,228 00		10,915 00			1,632 00	9,083 00		47.2	8,674 00		409 00	
98	Dresses and Coats—Basement.....	18,427 00	11,987 00		6,440 00			1,013 00	5,427 00		45.2	6,111 00			684 00
99	Sundry—Basement.....	46,310 00	30,039 00		16,271 00			3,052 00	13,219 00		44.0	17,017 00			3,798 00
		3,528,870 00	2,179,196 00		1,349,674 00			178,038 00	1,171,636 00		53.7	1,120,172 00		117,457 00	65,993 00

DUPUIS FRERES LIMITEE

(Mail Order Division)

STATEMENT OF DEPARTMENTAL PROFIT AND LOSS FOR THE YEAR ENDED 31ST JANUARY, 1934, AS PER COMPANY'S RECORDS

SPECIAL COMMITTEE

No.	Department Name	Sales	Cost of Sales	Gross Profit before W. D. Etc.	W. D. Etc., Adjustments and Workroom	Gross Profit	Percent to Cost of Sales	Expenses	Result	
									Profit	Loss
		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%	\$ cts.	\$ cts.	\$ cts.
1	Silks.....	11,883 33	7,435 62	4,447 71	252 09	4,195 62	56.4	5,170 12	652 59	974 50
2	Woolens.....	19,239 46	11,358 64	7,870 82	1 02	7,869 80	69.3	7,217 21		
3	Furs.....	30 25	17 49	12 76	11 54	1 22	7.0	20 99		19 77
4	Men's Shoes.....	43,422 21	29,161 51	14,260 70	873 99	13,386 71	45.7	14,788 07		1,401 36
5	Ribbons.....	9,799 93	5,624 84	4,175 09	54 64	4,120 45	73.3	4,351 87		231 42
9	Notions.....	30,903 29	18,764 31	12,138 98	81 84	12,220 82	65.1	11,517 04	703 78	
10	Handbags.....	3,438 49	2,228 64	1,209 85	45 39	1,164 46	52.23	1,539 08		374 62
11	Gloves.....	8,521 02	5,123 05	3,397 97	155 64	3,242 33	63.30	3,168 45	73 88	
12	Ladies' Hosiery.....	30,209 71	19,157 37	11,052 34	681 51	10,370 83	54.13	10,673 28		302 45
13	Infants' Wear.....	22,097 02	14,633 39	7,463 63	540 12	6,893 51	47.11	8,537 16		1,643 65
14	Grocery.....	3,333 07	2,023 40	1,309 67	3 78	1,305 89	64.54	1,116 51	189 38	
15	Men's Wear.....	64,499 93	43,505 50	20,994 43	875 88	20,118 55	46.24	23,059 64		2,941 09
17	Cottons and Linens.....	49,486 86	34,864 55	14,622 31	105 64	14,727 95	41.64	16,413 16		1,685 21
19	Washables.....	57,274 02	39,766 43	17,507 59	263 15	17,770 74	44.50	18,644 14		873 40
20	New Styles.....	12,093 58	6,531 67	5,471 91	444 46	5,027 45	76.90	5,512 37		484 92
21	Separators, etc.....	22,099 77	14,659 82	7,439 95	449 72	6,990 23	47.68	8,764 35		1,774 12
22	Dresses and Blouses.....	8,832 51	5,589 94	3,242 57	1,040 55	2,202 02	39.40	4,482 50		2,280 48
23	Ladies' Coats.....	13,075 51	8,051 09	5,024 42	447 59	4,576 53	56.84	4,797 33		220 80
24	Trunks and Toys.....	8,251 28	5,254 72	2,996 56	412 75	2,583 81	45.18	4,378 16		1,794 35
25	Ladies' Shoes.....	72,595 56	48,800 96	23,794 60	978 42	22,816 18	46.7	28,348 49		5,532 31
27	Fixtures—Electrical.....	2,338 05	1,429 51	908 54	130 89	777 65	54.40	996 72		219 07
28	Utensils.....	32,578 60	20,762 93	11,815 67	269 85	12,085 52	58.20	12,688 32		602 80
30	Radios, Sheet Music.....	5,520 30	3,386 77	2,133 53	33 63	2,107 16	64.00	2,382 99		215 83
31	Drugs.....	69,743 99	44,107 11	25,636 88	1,171 09	24,465 79	55.47	25,232 01		766 22
33	Ladies' Rubbers.....	39,706 92	29,985 59	9,721 33	380 17	9,341 16	31.50	11,183 25		1,842 09
34	China and Glassware.....	15,942 09	9,127 37	6,814 72	109 35	6,705 37	73.47	5,997 72	707 65	
35	Harness.....	1,487 10	945 48	541 62	51 94	489 68	51.79	612 55		122 87
36	Candies.....	3,660 22	2,226 94	1,433 28	78 72	1,354 56	60.81	1,392 74		38 18
37	Men's Rubbers.....	36,725 99	27,156 19	9,569 80	70 87	9,498 93	34.97	11,024 38		1,525 45
38	Needlework.....	9,954 90	6,201 21	3,753 69	81 14	3,834 83	62.64	4,605 20		770 43
42	Children's Wear.....	19,297 48	12,051 27	7,156 21	524 28	6,631 93	55.03	8,604 05		1,972 12
43	Cigars and Cigarettes.....	4,534 75	2,725 29	1,809 46	104 82	1,704 64	62.55	1,714 81		10 17
45	Stationery.....	20,337 55	12,316 38	8,021 17	204 71	8,225 88	66.78	7,680 06		
46	Religious Articles.....	11,703 07	6,770 15	4,932 92	98 06	5,030 98	74.22	4,940 05		
47	Silverware.....	14,584 68	9,476 17	5,108 51	435 27	4,673 24	49.32	6,559 69		1,886 45
48	Children's Wear.....	16,525 24	10,905 76	5,619 48	222 96	5,396 52	49.48	7,379 35		1,982 83

49 Men's Clothing.....	31,687 02	21,135 30	10,551 72	89 79	10,641 51	50-3	12,704 75	.....	2,063 24
50 Men's Hats.....	4,542 12	2,723 19	1,818 93	16 06	1,802 87	66-20	1,767 43	.....	.....
52 Sporting Goods.....	33,247 04	21,856 10	11,390 94	1,259 73	10,131 21	46-36	12,641 32	.....	2,510 11
54 Paint and Varnish.....	21,280 26	13,911 23	7,369 03	1,277 63	7,646 66	54-95	7,150 99	.....	.....
55 Auto Tires.....	5,304 00	4,215 76	1,088 24	110 55	8,977 69	23-19	1,408 03	.....	430 34
56 Corsets.....	22,351 43	13,442 77	8,908 66	516 92	8,391 74	62-42	8,336 35	.....	.....
57 Ladies' Underwear.....	33,560 13	21,442 82	12,117 31	950 59	11,166 72	52-0	12,407 60	.....	1,240 88
58 Sweaters and House Dresses.....	43,806 08	28,661 95	15,144 13	1,401 80	13,742 33	47-9	17,664 65	.....	3,922 32
59 Curtains and Draperies.....	27,550 40	17,921 01	9,629 39	46 42	9,532 97	53-5	10,373 19	.....	790 22
60 Carpets.....	11,968 76	7,956 60	4,012 16	273 77	3,738 39	46-9	4,898 35	.....	1,159 96
	1,030,804 97	675,393 79	355,411 18	13,620 15	341,791 03	56-60	384,846 53	3,550 53	46,606 03

DUPUIS FRERES LIMITEE

DEPT. 4—MEN'S SHOES—EXAMPLES OF PRICE SPREADS

Invoice Date	Article Description	Quantity	Invoice Price per Unit	Sales Tax and Freight and Express	Cash Discounts	Unit Laid Down Cost	Initial Unit Selling Price	Initial Work-up	
								Amount	Percentage to Cost
		No.	\$	\$	\$	\$	\$	\$	%
Sept. 20, 1933	12" Leather.....	15	3.65	0.23	.....	3.88	8.50	4.62	119
July 27, 1933	Men's Black Kid.....	1 pr.	4.50	0.22	.....	4.72	10.00	5.28	106
July 21, 1933	Men's Boots.....	11	2.60	0.16	.....	2.71	5.50	2.79	103
June 22, 1933	Men's Shoes.....	30	2.70	.....	0.05	2.65	5.00	2.35	89
Jan. 5, 1934	Men's G.M. Blue Oxfords.....	120 pr.	2.10	0.12	0.04	2.18	3.95	1.77	81
Aug. 10, 1933	G.M. Calf Blue Oxford.....	30	1.57	0.09	0.03	1.63	2.95	1.32	81
Aug. 10, 1933	G.M. Calf Blue Oxford.....	30	1.47	0.09	0.03	1.53	2.69	1.16	76
July 12, 1933	Ladies' Kid Shoes.....	20	2.55	0.15	.....	2.65	4.50	1.85	70
Oct. 24, 1933	Men's Felt Bal. Box Tip.....	9	1.95	0.14	0.05	2.04	3.50	1.46	71
Oct. 24, 1933	Men's Doug. Blue Red Felt Lined.....	5	2.85	0.22	0.08	2.99	4.95	1.96	66
Sept. 18, 1933	Men's Ankle Supports.....	14 pr.	3.20	.....	0.13	3.07	5.00	1.93	65
Nov. 22, 1933	Shoes.....	30	2.20	0.13	.....	2.33	3.79	1.46	62
Aug. 30, 1933	Boy's.....	21	1.85	0.11	.....	1.96	2.95	0.99	52
Aug. 30, 1933	Child's Bk. Calf.....	10	1.10	0.07	.....	1.17	1.69	0.52	43
May 30, 1933	Men's Vel. Calf Oxfords.....	30	2.75	0.17	.....	2.92	3.95	1.03	36
Oct. 3, 1933	BCD Men's Vel Calf Oxf.....	30	2.85	0.17	.....	3.02	3.99	0.97	32
Feb. 22, 1933	BCD Men's Vel Calf Oxf.....	75	2.75	0.08	.....	2.83	3.65	0.82	29

DUPUIS FRERES LIMITEE

DEPT. 25—WOMEN'S SHOES—EXAMPLES OF PRICE SPREADS

Invoice Date	Article Description	Quantity	Invoice Price per Unit	Sales Tax and Freight and Express	Cash Discounts	Unit Laid Down Cost	Initial Unit Selling Price	Initial Work-up	
								Amount	Percentage to Cost
		No.	\$	\$	\$	\$	\$	\$	%
Feb. 7, 1933	Wos. Brown Kid.....	14	1.75	0.05	.....	1.80	4.00	2.20	122
Nov. 20, 1933	Wos. Grey Felt Cozy Slippers Rib.....	60	0.33	0.02	.....	0.35	0.65	0.30	86
Mar. 1, 1933	Wos. Assorted Shoes.....	355	1.13	0.07	.....	1.20	2.10	0.90	76
June 10, 1933	Wos. Natural Bucks. Pumps.....	1	1.65	0.10	0.03	1.72	2.98	1.26	70
Dec. 22, 1933	Wos. Bl. Kid Boots.....	15	2.85	0.17	0.05	2.98	5.00	2.02	67
Sept. 9, 1933	Wos. Br. Kid Pumps.....	15	3.50	0.21	.....	3.71	6.00	2.29	62
Sept. 30, 1933	Wos. Bl. Calf Style 1 Buckle.....	30	2.05	0.12	.....	2.17	3.50	1.33	59
May 10, 1933	Wos. Duo Oxford White.....	11	0.57	.....	0.01	0.56	0.90	0.34	60
Sept. 16, 1933	Wos. Bl. Kid Tie Carlton.....	35	5.50	0.33	0.14	5.69	9.00	3.31	54
Sept. 16, 1933	Wos. Brown Kid Tie Carlton.....	35	5.75	0.34	0.14	5.95	9.00	3.05	52
Sept. 30, 1933	Wos. Green Calf Pumps.....	29	1.90	0.11	0.04	1.97	2.98	1.01	52
Jan. 19, 1934	Wos. Dongola Gipsy Oxf.....	30	1.80	0.10	0.04	1.86	2.75	0.89	45
June 16, 1933	Wos. BL and WL Pintuk Pumps.....	14	1.95	0.12	0.04	2.03	2.98	0.95	43
Aug. 26, 1933	Wos. Bl. Kid Lin Orf. L.H.....	30	1.60	0.09	0.03	1.66	2.39	0.73	41
Mar. 2, 1933	Wos. Br. Kid Strap.....	20	2.00	0.06	.....	2.06	2.89	0.83	39
June 17, 1933	Wos. Shoes Floor Goods.....	350	0.75	.....	.....	0.75	1.00	0.25	33
Mar. 11, 1933	Wos. Pad Bridge L.S.....	25	0.72	.....	.....	0.73	0.98	0.25	32
Aug. 30, 1933	Wos. Bl. Kid Blucher Oxf.....	30	1.52	0.11	0.01	1.63	1.90	0.27	17

DUPUIS FRERES LIMITEE

DEPARTMENT No. 18—FURNITURE—EXAMPLES OF PRICE SPREADS

Invoice Date	Article Description	Quantity	Invoice Price per Unit	Sales Tax, Freight and Express	Unit Laid-down Cost	Initial Unit Selling Price	Initial Mark-up	
							Amount	Percentage to Cost
			\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
July 29, 1933	Tables—Walnut.....	8	20.00	1.00	21.00	39.00	18.00	85.7
Nov. 1, 1933	Solid Walnut Smoker.....	2	7.12	0.67	7.79	14.00	6.21	79.0
Oct. 30, 1933	Bedroom Set.....	1	86.00	12.91	98.91	175.00	76.09	76.9
Feb. 2, 1933	French Walnut Chair.....	1	5.25	0.26	5.51	9.50	3.99	72.4
July 29, 1933	Desk.....	1	3.24	0.16	3.40	5.75	2.35	69.1
Feb. 2, 1933	French Walnut Bedroom Set.....	1	108.00	13.10	121.10	195.00	73.90	60.1
Sept. 22, 1933	Card Tables.....	6	2.65	0.21	2.86	4.50	1.64	57.3
July 29, 1933	Walnut Stand.....	1	2.03	0.10	2.13	3.45	1.32	51.9
Sept. 6, 1933	Walnut Chair.....	1	126.65	7.60	134.25	200.00	65.75	48.9
Mar. 27, 1933	Ambi. e/c 4 Mox No. 174.....	12	38.80	5.48	44.28	64.00	19.72	46.7
June 14, 1933	Dining Room Suite—Walnut.....	7	43.65	2.62	46.27	65.00	18.73	40.4
Dec. 6, 1933	Bedroom Set—Walnut.....	1	25.00	3.61	28.61	39.00	10.39	36.3
Feb. 21, 1933	Chairs.....	200	0.35	0.09	0.44	0.58	0.14	32.0
Sept. 22, 1933	Card Tables.....	102	0.75	0.12	0.87	1.00	0.13	14.9
Dec. 30, 1933	Quebec Desk.....	12	8.31	0.48	8.79	9.45	0.66	8.0
Feb. 8, 1933	Folding Chairs.....	800	1.05	0.13	1.18	1.23	0.05	4.0

DUPUIS FRERES LIMITEE

DEPT. No. 57—WOMEN'S UNDERWEAR (SILK)—EXAMPLES OF PRICE SPREADS

PRICE SPREADS AND MASS BUYING

Invoice Date	Article Description	Quantity	Invoice Price per Unit	Sales Tax Freight and Express	Less Cash Discount	Unit Laid Down Cost	Initial Unit Selling Price	Initial Mark-up	
								Amount	Percentage to Cost
			\$	cts.	\$	cts.	\$	cts.	%
Oct. 17, 1933	Spencers.....	18	1 20	0 07		1 27	2 95	1 68	130
July 6, 1933	Panties.....	60	0 12	0 01		0 13	0 25	0 12	97
Nov. 17, 1933	Bloomers.....	240	0 29	0 02		0 31	0 59	0 28	90
Oct. 13, 1933	Pyjamas.....	12	1 08	0 06		1 12	1 98	0 86	89
Aug. 2, 1933	Gowns.....	60	0 71	0 04	0 02	0 73	1 29	0 56	76
Aug. 2, 1933	Assorted Bloomers.....	522	0 32	0 03	0 01	0 34	0 59	0 25	73
May 14, 1933	Slips.....	78	1 25	0 07	0 01	1 19	1 98	0 69	53
Oct. 13, 1933	Bloomers.....	48	0 65	0 02	0 01	0 66	1 00	0 34	52
Sept. 27, 1933	Slips.....	18	1 25	0 08	0 03	1 30	1 98	0 68	52
April 6, 1933	Slips.....	36	0 63	0 05	0 01	0 67	1 00	0 33	50
April 20, 1933	Slips.....	156	0 65	0 04	0 01	0 68	1 00	0 32	47
June 19, 1933	Vests.....	120	0 19	0 01	0 01	0 19	0 25	0 06	26
Dec. 1, 1933	Garments.....	120	1 25	0 07	0 03	1 29	1 49	0 20	16
Mar. 2, 1933	Sets.....	60	0 44	0 04	0 01	0 47	0 50	0 03	7

STATEMENT No. 20

DUPUIS FRERES LIMITEE

DEPARTMENT 83—MEN'S OVERALLS AND WORKSHIRTS

Invoice Date	Article Description	Quantity	Invoice Price per Unit		Sales Tax Freight and Express		Less Cash Discount		Unit Laid Down Cost		Initial Unit Selling Price		Initial Mark-up	
			\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	Amount	Percentage to Cost
Oct. 4, 1933	Lapel Collar Coats.....	24	1.00	0.06		0.01		1.05		2.25		1.20		114.0
Oct. 6, 1933	V-Neck Coats.....	2	1.00	0.06		0.02		1.04		2.25		1.21		116.0
Oct. 30, 1933	Pants, Black, Size 50.....	1	4.25	0.25		0.08		4.42		8.50		4.08		92.0
Sept. 27, 1933	Shirts.....	168	0.42	0.03		0.01		0.44		0.79		0.35		79.0
Sept. 11, 1933	Trousers.....	84	0.87	0.05		0.02		0.90		1.59		0.69		76.0
June 14, 1933	Pants.....	12	2.25	0.14		0.04		2.35		3.95		1.60		68.0
Sept. 28, 1933	Trousers.....	168	1.75	0.10		0.03		1.82		2.95		1.13		62.0
April 3, 1933	Fancy Pants.....	75	2.00	0.12		0.04		2.08		2.95		0.87		41.0
Oct. 25, 1933	Pants.....	24	3.00	0.18		0.06		3.12		5.00		1.88		60.0
Nov. 23, 1933	Pants—oversize.....	1	4.00	0.24		0.08		4.16		6.50		2.34		56.0
May 8, 1933	Shirts.....	18	0.96	0.06		0.02		1.00		1.50		0.50		50.0
June 14, 1933	Pants.....	48	1.90	0.12		0.04		1.98		2.95		0.97		49.0
Oct. 25, 1933	Pants—oversize.....	144	3.30	0.20		0.07		3.43		5.00		1.57		45.0
May 8, 1933	Coats.....	9	1.31	0.08		0.03		1.36		1.95		0.59		43.0
May 8, 1933	Coats—No. 50.....	3	1.57	0.09		0.03		1.63		2.25		0.62		37.0
Sept. 27, 1933	Trousers.....	16	0.87	0.05		0.02		0.90		1.25		0.35		37.0
Oct. 30, 1933	Black Pants—Size 50.....	18	5.25	0.31		0.10		5.46		6.50		1.04		19.0

DUPUIS FRERES LIMITEE

LADIES' SWEATERS AND DRESSES—MAIL ORDER DIVISION—EXAMPLES OF PRICE SPREADS

PRICE SPREADS AND MASS BUYING

Invoice Date	Article Description	Quantity	Invoice Price per Unit		Sales Tax Freight and Express		Less Cash Discount		Unit Laid Down Cost		Initial Unit Selling Price		Initial Mark-up	
			\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.
Feb. 6, 1934	House Dresses.....	10 doz.	0.62	0.03	0.01	0.64	1.29	0.65	101.5					
July 31, 1933	Aqua.....	2½ doz.	0.92	0.05	0.02	0.95	1.69	0.74	77.0					
Feb. 6, 1934	House Dresses.....	8 doz.	0.70	0.04	0.01	0.73	1.29	0.56	76.7					
Aug. 30, 1933	Cotton Tweeds.....	5½ doz.	1.62	0.09	0.03	1.68	2.95	1.27	75.6					
Dec. 1, 1933	Treasure Knit.....	4 doz.	2.08	0.12	0.04	2.16	3.75	1.59	73.6					
July 31, 1933	Caramel.....	2 doz.	1.50	0.09	0.03	1.56	2.69	1.13	72.0					
Dec. 2, 1933	Dresses.....	5 doz.	0.54	0.03	0.01	0.56	0.95	0.39	69.0					
Aug. 1, 1933	Dresses.....	9½ doz.	0.67	0.04	.....	0.71	1.19	0.48	68.0				
July 25, 1933	Powder.....	1 doz.	1.17	0.07	0.02	1.22	1.95	0.73	60.0					
July 31, 1933	House Smock.....	6 doz.	0.60	0.04	0.01	0.63	1.00	0.37	58.0					
Dec. 1, 1933	Dresses.....	4 doz.	1.25	0.06	0.02	1.29	1.95	0.66	51.0					
Nov. 9, 1933	Dresses.....	1½ doz.	1.37	0.06	0.03	1.40	1.98	0.58	41.0					
Aug. 25, 1933	Sweaters.....	1½ doz.	1.38	0.08	0.03	1.43	1.95	0.52	36.0					
Aug. 28, 1933	Dresses.....	18 doz.	0.36	0.02	0.01	0.37	0.50	0.13	35.0					
Nov. 6, 1933	Powder.....	1½ doz.	1.08	0.08	0.02	1.14	1.59	0.45	28.0					
April 12, 1934	Dresses.....	30 doz.	0.38	0.02	0.01	0.39	0.49	0.10	26.0					

DUPUIS FRERES LIMITEE

COMPARATIVE SUMMARY OF REGULAR STAFF WAGE RATES FOR THE WEEKS ENDED 8TH JANUARY 1930 AND 10TH JANUARY, 1934

(Exclusive of Managers and Executives)

		Year	Total	Under \$12.00	\$12.00 to \$15.00	\$15.00 to \$18.00	\$18.00 and Over	\$4.00 to \$4.99	\$5.00 to \$5.99	\$6.00 to \$6.99
1	Regular Staff—									
2	Total.....	1930	1,032	585	140	115	192	33	69	66
		1934	785	479	80	83	143	13	48	48
3	Male.....	1930	381	84	56	74	167	2	22	13
4		1934	325	87	46	56	136	3	17	18
5	Female.....	1930	651	501	34	41	25	31	47	53
6		1934	460	392	34	27	7	10	31	30
7	Retail Selling—									
8	Total.....	1930	433	247	60	39	87	9	17	13
		1934	323	205	30	30	58	2	17	9
9	Male.....	1930	144	29	21	21	73		4	4
10		1934	110	17	15	22	56		1	3
11	Female.....	1930	289	218	39	18	14	9	8	9
12		1934	213	188	15	8	2	2	16	6
13	Store Services—									
14	Total.....	1930	165	49	19	40	57	1	7	8
		1934	160	72	20	21	47		6	11
15	Male.....	1930	127	23	14	35	55		5	6
16		1934	112	32	16	18	46		5	7
17	Female.....	1930	38	26	5	5	2	1	2	2
18		1934	48	40	4	3	1		1	4
19	Administration and									
20	Charge Office—									
	Total.....	1930	106	75	13	6	12	1	8	13
		1934	87	60	7	6	14		8	7
21	Male.....	1930	18	4	2	2	10			
22		1934	17	1	1	3	12			
23	Female.....	1930	88	71	11	4	2	1	8	13
24		1934	70	59	6	3	2		8	7
25	Workrooms—									
26	Total.....	1930	30	6	15	3	6		1	
		1934	45	17	8	7	13		3	
27	Male.....	1930	4		1	1	2			
28		1934	32	8	7	6	11		3	
29	Female.....	1930	26	6	14	2	4		1	
30		1934	13	9	1	1	2			
31	Mail Order—									
32	Total.....	1930	298	208	33	27	30	22	41	32
		1934	170	125	15	19	11	11	14	21
33	Male.....	1930	88	28	18	15	27	2	13	3
34		1934	54	29	7	7	11	3	8	8
35	Female.....	1930	210	180	15	12	3	20	28	29
36		1934	116	96	8	12		8	6	13

STATEMENT No. 29

DUPUIS FRERES LIMITEE

COMPARATIVE SUMMARY OF REGULAR STAFF WAGE RATES FOR THE WEEKS ENDED 8TH JANUARY 1930 AND
10TH JANUARY, 1934

(Exclusive of Managers and Executives)

\$7.00 to \$7.99	\$8.00 to \$8.99	\$9.00 to \$9.99	\$10.00 to \$10.99	\$11.00 to \$11.99	\$12.00 to \$12.99	\$13.00 to \$13.99	\$14.00 to \$14.99	\$15.00 to \$18.00	\$18.00 to \$21.00	\$21.00 to \$25.00	\$25.00 to \$30.00	\$30.00 to \$35.00	\$35.00 to \$40.00	\$40.00 and Over	
50 38	84 52	150 125	101 83	32 72	91 37	25 33	24 10	115 83	77 84	55 30	22 14	21 9	10 5	7 1	1 2
9 6	9 7	11 7	15 14	3 15	37 20	11 21	8 5	74 56	59 79	52 30	22 12	18 9	10 5	6 1	3 4
41 32	75 45	139 118	86 69	29 57	54 17	14 12	16 5	41 27	18 5	3 .....	.....	3 .....	.....	1	5 6
9 7	29 12	93 76	67 44	15 38	43 10	8 13	9 7	39 30	35 35	22 11	14 6	10 4	4 1	2 1	7 8
2 3	4	4 1	10 4	1 5	15 1	1 9	5 5	21 22	25 33	20 11	14 6	8 4	4 1	2 1	9 10
7 4	25 12	89 75	57 40	14 33	28 9	7 4	4 2	18 8	10 2	2 .....	.....	2 .....	.....	.....	11 12
4 6	8 5	12 18	6 11	3 15	15 6	4 14	.....	40 21	22 29	19 10	7 4	6 2	2 2	1	13 14
3 1	3 2	4 5	2 5	.....	11 6	3 10	.....	35 18	21 29	19 10	7 3	5 2	2 2	1	15 16
1 5	5 3	8 13	4 6	3 8	4	1 4	.....	5 3	1 .....	.....	.....	1 .....	.....	.....	17 18
9 6	14 9	21 17	6 4	3 9	6 5	5 2	2	6 6	9 8	..... 3	1	1 .....	.....	1	19 20
.....	1	2	1 .....	.....	1	1 .....	.....	2	7 6	..... 3	1	1 .....	.....	1	21 22
9 6	13 8	19 17	5 4	3 9	5 4	4 2	2	4 3	2 2	.....	.....	.....	.....	.....	23 24
.....	.....	1 1	2 2	2 6	8 5	1 3	6	3 7	2 6	2 5	.....	.....	1	1	25 26
.....	.....	.....	.....	.....	.....	.....	1	1 6	.....	1 5	.....	.....	1 .....	.....	27 28
.....	.....	1 1	2 2	2 4	8	1 1	5	2 1	2 1	1 .....	.....	.....	.....	1	29 30
28 17	33 22	23 13	20 22	9 5	19 11	7 1	7 3	27 19	9 6	12 1	..... 1	4 3	3	2	31 32
4 1	1 2	1 1	2 5	2 1	10 7	6	2	15 7	6 6	12 1	..... 1	4 3	3	2	33 34
24 16	32 20	22 12	18 17	7 4	9 4	1 1	5 3	12 12	3 .....	.....	.....	.....	.....	.....	35 36

The WITNESS: The company has been in business since about 1868, having been operated as a partnership up until 1907. In that year a company was incorporated under federal charter, which continued until 1921. In 1921 the company was reorganized and a provincial charter was obtained with authorized capital of 20,000 shares of 8 per cent cumulative preferred stock of a par value of \$100, redeemable in 1936, and 20,000 shares of common stock of \$100 par value. In December, 1933, supplementary letters patent were obtained by which the status of the preferred shares, of which only 13,442 remained outstanding, was altered. The 8 per cent dividend was reduced to 6 per cent, its cumulative feature was waived for the years 1934 and 1935, and the dividends due in January, 1933 and 1934, were to be paid by certificates due May 15 and November 15, 1934 and 1935, respectively.

By Mr. Kennedy (Peace River):

Q. What about that common stock? Was the money put in? There is \$2,000,000 of common stock from 1921 to 1934. Does that represent cash paid in?—A. That represents cash that was originally put in by the family with profits ploughed back until that time.

By Mr. Sommerville:

Q. Will you proceed?—A. Yes. The preferred shares of the company are, it is understood, widely held throughout the province of Quebec, while the common stock, except for qualifying directors' shares, is held by the members of the family.

The company operates a retail store and mail order house in the city of Montreal, catering principally to French speaking custom. A mail order catalogue is issued in both languages but the company maintains no outlets outside of the city of Montreal.

Financial Statements: Statement No. 1 shows comparative balance sheets for ten years. Statement No. 2 shows comparative statements of trading and profit and loss and surplus accounts for the same ten years. It will be noticed that 1928 was the first year of mail order business and that from then on the operations of the store and mail order are shown separately. Statements No. 2-A and No. 2-B are an analysis of the expenses of the store and the mail order division. Statements Nos. 3 and 3-A show the details of operation of each of the departments and workrooms of the retail store for the last fiscal year, the basis of distribution of expenses to departments being as follows:—

- (a) Salaries and sundry direct charges are charged directly to the department affected.
- (b) Delivery expenses are apportioned according to the number and weight of packages. This expense includes a 6 per cent interest charge on the value of delivery equipment, and 20 per cent per annum depreciation.
- (c) Buying and purchasing department expenses are divided pro rata to sales.
- (d) Newspaper advertising is divided according to the number of lines and other advertising in proportion to sales.
- (e) Window display is based on a rental of window and employees' time.
- (f) Rent is based on location and floor space, including interest on the book value of the building at 6 per cent, taxes, depreciation on fixtures and building, and insurance on building and fixtures.

By Mr. Heaps:

Q. I notice an item of goodwill, \$1,239,000 on the first page?—A. Yes.

Q. Of what is that made up?

Mr. SOMMERVILLE: Goodwill.

By Mr. Heaps:

Q. Just goodwill? I mean it is the goodwill of the firm, the name. Is any interest paid on it?—A. Any interest? No.

By Mr. Sommerville:

Q. Will you continue?—A. Yes.

(g) Maintenance is allocated over the departments on the basis of floor space. This includes heat, light and power, elevator service, cleaning, repair and so forth.

(h) Interest represents 6 per cent on the inventory of merchandise at the end of each month.

Statement No. 4 shows similar details of the operations of departments of the mail order division.

Merchandising: Statements Nos. 6, 8, 12, 16 and 20 show examples of price spreads in various departments of the retail store. Statement No. 26 shows examples of price spreads in one department of the mail order division. On the whole the mail order department shows a smaller margin of profit than the retail store.

Consignment purchases: Certain merchandise, principally women's shoes, women's ready-to-wear, furs, stoves, and marble statues are purchased on consignment, the total value of such goods in the store at 31st January last being \$26,458. The mark-up on women's shoes is approximately 50 per cent to 54 per cent and the returned goods are said to consist of defective merchandise, and are inconsiderable in volume. The manufacturer makes occasional allowances for advertising which are not taken into account in arriving at the unit laid down costs in the statements explanatory of price spreads.

Women's ready-to-wear and furs are purchased on consignment from certain Montreal manufacturers, in some cases there being an understanding that 40 per cent of the shipment is to be regarded as an outright purchase and 60 per cent as a consignment. Mark-ups on consignment shipments examined were no greater than the mark-up on outright purchases. There was no evidence that large quantities of consignment merchandise were returned to manufacturers, nor that price reductions and allowances were given by manufacturers on slow selling goods to any appreciable degree.

Q. Look at Statement No. 1. You have, first of all, a reserve for doubtful accounts which has steadily grown from \$5,000 to \$54,000. What about current assets?—A. Current assets have grown from a little over \$1,500,000 in the year 1925.

Q. They reached \$2,400,000 in 1928 and then dropped to \$1,193,000 in 1934?—A. Yes.

Q. That was perhaps due to the fact that their merchandise has dropped from \$1,100,000 to \$716,000?—A. There is over \$1,000,000 drop in merchandise between 1928 and 1934.

Q. That means they are carrying less merchandise, merchandise of a lesser amount?—A. Yes.

The CHAIRMAN: Lower values.

Mr. SOMMERVILLE: Yes, of course, lower values.

By Mr. Kennedy (Peace River):

Q. What is the significance of that goodwill, \$1,200,000?—A. That goodwill was put on the books, presumably at the time of the reorganization in 1921. The information sent us from Montreal does not show that.

Q. Would that be a case of writing-up?

The CHAIRMAN: It would be an offset to the common stock I should think, Mr. Kennedy, would it not?

The WITNESS: I think it would. I said a little while ago that \$2,000,000 of common stock was all cash.

Mr. KENNEDY (*Peace River*): It seems to be a tremendously variable thing. I think Canada Packers had \$4 for goodwill.

Mr. YOUNG: Maybe they didn't enjoy very much.

By Mr. Senn:

Q. With regard to that reserve, is that reserve for doubtful accounts an actual cash reserve or only a bookkeeping entry?—A. A bookkeeping entry. A reserve for bad debts is never an actual cash reserve set aside. It is a bookkeeping entry reducing the profits, reducing the distributable profits.

Q. It should correspond with the actual bad debts that are written off?—A. Oh, no. The usual practice is to go through the accounts and find out how much are actually bad, and write them off; and in addition, provide for certain accounts which look as if they might be bad.

Q. What happens when some of these are collected?

Mr. EDWARDS: It is credited.

Mr. SOMMERVILLE: It is reflected on the other side.

The WITNESS: It does not affect the reserve for bad debts at all, because there is no actual write-down of the account until the account is definitely bad.

By Mr. Sommerville:

Q. Then I observe that sinking fund investments have increased from \$48,000 to \$251,000?—A. Sinking fund investments are preferred stock held for redemption.

Q. I observe that land and buildings, and furniture, fixtures and rolling stock are comparatively similar to the position in 1925?—A. Very little change in them.

Q. No appreciable change and no appreciable increase in the amount?—A. No.

Q. The depreciation reserve on furniture, fixtures and rolling stock has increased from \$24,000 to \$187,000?—A. Yes.

Mr. KENNEDY (*Peace River*): I think the Chairman was right about that common stock of \$2,000,000, because I note that goodwill and surplus taken together in 1925 come to \$2,000,000. That is the explanation.

Mr. SOMMERVILLE: Goodwill and surplus?

Mr. KENNEDY (*Peace River*): Yes, taken together.

Mr. SOMMERVILLE: Yes, surplus is \$900,000.

The WITNESS: That would not necessarily be.

By Mr. Sommerville:

Q. The surplus account is shown at what?—A. \$809,000 at the end of last year. From \$887,000 in 1925 it went up as high as \$948,000 in the year 1931.

Q. And your general expenses in Statement No. 2?—A. General expenses for the store as a whole were \$531,000 in 1928 and \$409,000 in 1934.

Q. Where are you getting that?—A. I beg your pardon. I am reading the mail order. It shows general expenses in 1925 of \$1,296,000 and in 1934, \$1,448,000.

Mr. NASH: Those have gone down somewhat.

By Mr. Sommerville:

Q. Then I observe that your trading and profit and loss statement from 1925 to 1934 shows a net profit in your sales?—A. A net profit in sales.

Q. In the store, of what?—A. \$161,000 in 1925. That is before the mail order was started.

Q. Where do you get that, \$161,000?—A. In the first column.

Mr. NASH: Well down, Mr. Sommerville, below mail order.

Mr. SOMMERVILLE: Yes, I see it.

The WITNESS: \$161,000 in 1925, and the store alone in 1934 showed a profit of \$99,700.

By Mr. Sommerville:

Q. In the mail order department, which has been in operation for seven years?—A. It has a loss for each year.

Q. Consistently?—A. Yes, consistently; a loss of \$9,800 approximately in 1928 and \$68,000 in 1934.

By Mr. Senn:

Q. Is there any explanation why the mail order should be carried on at a loss all those years?—A. None was reported to us.

Mr. SOMMERVILLE: That is, of course, after charging interest and the items that are referred to as general expenses, depreciation.

Mr. NASH: In spite of the loss, it helps to carry some of the overhead shown.

Mr. SENN: That is what I was going to ask, whether that would assist in making a profit for the other business.

Mr. SOMMERVILLE: Yes.

By Mr. Sommerville:

Q. Look at Statement 2-A. I observe there is a charge in the matter of general expense, interest on stock, \$41,503; interest on buildings, \$126,000; interest on rolling stock, \$2,400?—A. Yes. That is taken out. Those different items are taken out just below.

Q. That amounts to a total of \$169,903 of interest charged?—A. Yes.

Mr. NASH: Chargeable to the department.

By Mr. Sommerville:

Q. Yes, chargeable to the department; and a substantial amount set up for bad debts, \$50,667?—A. Yes.

Q. Will you just proceed with the wages?—A. Statement No. 29 shows—

By the Chairman:

Q. Just one moment. You show on your Statement No. 1 reserve for doubtful accounts of \$54,000 odd. Then I notice in expense account, bad debts of \$50,000 odd. Does that mean that in addition to the reserve indicated above here, the reserve for doubtful debts of \$54,000, that they actually charged in their general expense account, \$50,000?—A. No, \$50,000 is only for the store. There is also a third item in the mail order which is Statement 2-B.

Q. That would be an addition still further. The \$50,667 is the one I see in the general account, the general expense account, Statement 2-A.

Mr. NASH: Yes. It would mean that they provided in that your \$50,000, as a result of which they brought the reserve up at the end of the year to \$54,000.

The CHAIRMAN: You are sure of that?

Mr. NASH: Yes. The \$54,000 would be the balance in the reserve account.

The CHAIRMAN: It all depends whether your \$54,000 is deducted from the other. I have not made the addition.

Mr. NASH: Oh yes, it is.

The CHAIRMAN: Well, if it is, it is deducted down here in your general account as well, because your general expense account is deducted, is it not?

Mr. NASH: No, you are looking at Statement No. 1.

The CHAIRMAN: Well, it is deducted out of your profit and loss account. It is a straight deduction there.

The WITNESS: That Statement No. 2-A referring to bad debts at the bottom is just a summary of the top part of 2-A.

By the Chairman:

Q. No, it is a direct charge in 2-A?—A. Yes, under administration.

Mr. NASH: I think I see Mr. Stevens' point. I am correct in saying this, that the charge for the year was \$50,000; and that after adding that to the previous amounts written into the reserve and deducting therefrom bad debts written off, it left a balance in the reserve of \$54,000.

The CHAIRMAN: All right.

By Mr. Sommerville:

Q. What was the profit or loss on the operations for the whole year?—A. \$31,000 of net profit for the whole year ending 31st January, 1934.

By Mr. Senn:

Q. After paying 6 per cent interest?—A. 6 per cent was just charged to the department, and is taken back again.

Mr. SOMMERVILLE: This reflects everything.

By Mr. Senn:

Q. Does this \$31,000 reflect everything?—A. Yes.

Q. All departments?—A. Yes.

By Mr. Sommerville:

Q. In other words, there was \$99,000 profit in the store, and there was \$68,000 loss in the mail order; and the net balance is \$31,000 of net profit?—A. Yes.

Q. Now, let us have the wage situation?—A. Statement No. 29 shows a comparative summary of regular staff wage rates for the weeks ended 8th January, 1930, and 10th January, 1934. It does not include managers and executives, and is summarized into four categories of: Under \$12; \$12 to \$15; \$15 to \$18 and \$18 and over. In addition, it is divided into male and female, and into the five functional classes of occupation of retail selling, store services, administration, workrooms and mail order.

Q. Yes. In the Province of Quebec there is no Minimum Wage Law for employees of department stores?—A. Not of department stores.

Mr. BOULANGER: They are putting one in now.

By Mr. Sommerville:

Q. Are they? Does it apply to store clerks of any kind?—A. I could not say.

Q. How many are there on the regular staff who are getting under \$12.00?—A. 479.

Q. Out of a total of?—A. 785.

By Mr. Heaps:

Q. Is there anything to indicate which of these are male and which female, in the 479?

Mr. SOMMERVILLE: Yes.

Mr. KENNEDY (*Peace River*): Some of them are under \$5.00 a week, Mr. Sommerville.

Mr. FACTOR: Does that include those working for \$4.00 \$5.00 and \$6.00?

By Mr. Sommerville:

Q. I will come to that. And of that number how many male employees are there?—A. 87.

Q. And there were a total number of how many employees?—A. 785.

Q. Of male?—A. 325.

Q. That is, 87 out of 325 earning less than \$12.00. And females?—A. 392 out of a total of 460.

Q. Get less than \$12.00 a week?

By Mr. Edwards:

Q. Would these be young boys?—A. Not a particularly large number.

By Mr. Heaps:

Q. Do you mean to say that these are adults working their full week and receiving less than \$12 a week?—A. I am not advised that there were an undue number of boys.

Q. There may be a large number of grown-ups and married men?—A. Yes.

By Mr. Senn:

Q. Were these people who are temporarily employed?—A. These are regular staff.

Mr. SOMMERVILLE: You will observe that of the 325 there were 110 who were retail selling employees male, and of these 17 get less than \$12 a week.

By Mr. Edwards:

Q. Do they get any bonus or commission in addition to that?—A. They are included, such as they are.

By Mr. Heaps:

Q. Do you happen to know whether or not there is a regulation there that they have to have a B.A. degree before they can get on the staff?—A. I have never heard of it, Mr. Heaps.

By Mr. Sommerville:

Q. Under \$6, how many male?—A. Under \$6 there were 20.

Q. How many female?—A. 41.

Mr. FACTOR: Where do you get that, Mr. Sommerville?

By Mr. Sommerville:

Q. Right across (Statement 29) the first five columns are broken up. Then, how many are there getting from \$6 to \$7?—A. 18 men and 30 females.

Q. And from \$7 to \$8?—A. Six male and 32 female.

Q. And from \$8 to \$9?—A. Seven male and 45 female.

Q. Then \$9 to \$10?—A. Seven male and 118 female.

Q. Well then, how many would there be under— —A. 58.

Q. 58, and of females?—A. 266.

Q. That is, 266 females out of 460 get less than \$10 a week?—A. Yes, sir.

By Mr. Heaps:

Q. What hours is the store open?—A. The regular hours call for 50 hours a week.

Mr. FACTOR: These 58 men under \$10; what is their total employment?

Mr. SOMMERVILLE: Here we have them broken up into retail selling, store service, administration, and charge office, work rooms and mail order.

Mr. FACTOR: Can you tell me, roughly, where the majority of them are employed?

The CHAIRMAN: In the mail order and the work-room, it looks that way to me.

By Mr. Sommerville:

Q. Looking at the mail order, there were 29 male employees under \$12 a week out of 54?—A. Yes.

Q. And there are 96 female out of 116 getting less than \$12?

The CHAIRMAN: They are service and work-room.

By Mr. Heaps:

Q. Reverting back to hours, is it 50 hours per week all the year round?—A. I have not the information as to whether they are closed in July and August or not.

Q. Are any holidays allowed to employees?—A. On legal and religious holidays the store is closed.

By Mr. Senn:

Q. Do the different departments have the same hours of labour; for instance, the work-room department or the mail order department—do they have the same hours as the store?—A. Yes, the information is to that effect.

By Mr. Heaps:

Q. Do they give them any holidays with pay the same as many of the other stores do?—A. Yes.

The CHAIRMAN: That is a pretty large proportion below \$10 a week.

Mr. SOMMERVILLE: Very large.

The WITNESS: One week's holiday with pay each year, Mr. Heaps.

By Mr. Sommerville:

Q. In the mail order department under \$7 how many are there?—A. There are 27 women and 19 men.

Q. That is 46?

By Mr. Factor:

Q. What do the men do in the mail order department, are they parcellers do you know?—A. I would only be making a guess if I undertook to answer that.

Mr. SOMMERVILLE: Filling orders, I expect.

The CHAIRMAN: Probably packing, trucking and so on.

Mr. KENNEDY (*Peace River*): Have you the executive salaries alone?

Mr. NASH: The departmental managers' salaries are taken for the weeks ending the 8th January, 1930 and the 10th January, 1934. There were 55 in the retail store in 1930; salaries ranged from \$25 to \$90 a week—as against 52 in 1934. In the retail store in 1930 there were six salaries from \$75 to \$80,

whereas they were reduced to two in 1934. In the \$65 to \$70 class there were 6 in 1930 as against 8 in 1934. In the \$45 to \$50 class there were 5 in 1930 as against 10 in 1934. The lower classes, from \$25 to \$40 a week increased in 1934.

Mr. SOMMERVILLE: What is the highest salary?

Mr. NASH: \$95 a week.

The CHAIRMAN: That is for department managers. How about the executives, just to give us the group for the executives if you have it.

The WITNESS: It will take a moment or two to find that, sir.

The CHAIRMAN: All right.

Mr. NASH: I am afraid we have not got that right at hand, we will see that it is put in.

Mr. SOMMERVILLE: If you will let me have a statement on your departmental profit and loss, and mark-ups statement 3.

Mr. HEAPS: Are you through with the wages?

The CHAIRMAN: We are just getting information about the executives.

By Mr. Sommerville:

Q. What was the average mark-up in this case?—A. In which department, sir?

Q. For the whole, the percentage on cost?—A. 53 per cent.

Q. The average maintained mark-up was 53·7 per cent?—A. 53·7 per cent.

Q. And then individual mark-ups, take for instance silk?—A. 47 per cent.

Q. Piece goods?—A. 70·1 per cent.

Q. Lace?—A. 77·3 per cent.

Q. Men's boots and shoes?—A. 53 per cent.

Q. Women's Ready-to-Wear?—A. 53·8 per cent.

Q. Dresses and Coats?—A. 51·4 per cent.

Q. Women's shoes?—A. 49 per cent.

Q. Washing machines?—A. 58·4 per cent.

Q. And where is Men's Clothing—?

Mr. YOUNG: That would be number 49.

The WITNESS: Men's clothing, 51·1 per cent.

Q. Men's hats?—A. 57·2 per cent.

Q. And in your department results, certain departments showed a total net profit of \$117,000, while other departments showed net losses of \$65,000?—A. Yes.

Mr. ILSLEY: What is the percentage of expenses to sales in this business?

The CHAIRMAN: Pretty high, you take that statement we had a moment ago—No. 2 I think it was—general expenses.

The WITNESS: In the last year the general expenses were \$1,448,000 as compared to sales of \$4,577,000.

The CHAIRMAN: Where do you get the four million.

Mr. NASH: That is about half way down.

The WITNESS: It is consolidated, sir.

The CHAIRMAN: Oh, yes, \$4,577,000.

Mr. ILSLEY: What percentage does it work out to?

Mr. NASH: About 33 per cent.

Mr. ILSLEY: Has it increased during the last few years?

Mr. NASH: In 1928 it was about 27 per cent.

Mr. ILSLEY: I notice that in this company there has not been much increase in the fixed assets.

Mr. SOMMERVILLE: No.

Mr. ILSLEY: None, but their expenses seem to have gone up while their wages appear to be very low.

The CHAIRMAN: Very low.

Mr. ILSLEY: What is the main explanation?

Mr. FACTOR: It is beyond understanding why department stores such as this dealing with the public will allow the payment of such low wages.

Mr. NASH: We cannot lay our hands immediately on the comparisons wanted; perhaps it would please the committee if we were to put in a short summary which would give these facts in one page.

Mr. SOMMERVILLE: And will you be good enough also to include in that the increased mark-up, if such exist, so that we will be able to follow them in the same way as we have the others.

The CHAIRMAN: Yes, if you will.

Mr. HEAPS: I wonder if you would get us for this firm the average wage paid to employees.

Mr. FACTOR: Is not statement 29 sufficiently enlightening for you?

Mr. HEAPS: No, I would like a little more information.

The WITNESS: It would go from 31 cents to 22 cents per hour, for sales help; and from 40 cents to 23 cents for stores service.

Mr. HEAPS: That is the average, what does that include?

The WITNESS: That is just the statement as it came.

The CHAIRMAN: That would include the managers, and all the rest, right down to the lowest.

Mr. HEAPS: That is what I wanted to get at, I wondered if it included the executives as well.

Mr. FACTOR: Statement 29 gives you a very fair picture of this.

The WITNESS: I might amend that, Mr. Heaps, these are sales extras.

Mr. HEAPS: Which?

The WITNESS: Those were cents per hour I quoted you.

Mr. HEAPS: You will give us the others?

The WITNESS: Yes.

By Mr. Sommerville:

Q. Now, turning to spreads, take men's shoes: The percentage there runs from—?—A. From 119 down to 29 per cent.

Q. And the maintained mark-up was—?—A. 53 per cent.

Q. And men's overalls?—A. The spread runs from a high of 116 per cent, down to a low of 19 per cent, with a maintained mark-up of 50.9 per cent.

Mr. SENN: Is that maintained mark-up reckoned on the price received for the total volume of goods sold?

Mr. SOMMERVILLE: Yes.

The WITNESS: Yes.

By Mr. Sommerville:

Q. After allowing for mark-downs and shortages?—A. Yes.

Q. Furniture?—A. From a high of 85.7 per cent to a low of 4 per cent; with a maintained mark-up of 44.6 per cent.

Q. Women's underwear?—A. From a high of 130 per cent to a low of 4 per cent; with a maintained mark-up of 47·4 per cent. Women's shoes, from a high of 122 down to 17, with a maintained mark-up of 49 per cent. Mail order division, ladies' sweaters and dresses, from a high of 101·5 to a low of 26 per cent; a maintained mark-up of 47·9 per cent.

Q. A maintained mark-up of 47·9 per cent on the mail order department in Ladies' Sweaters and Dresses?—A. Yes, sir.

Q. The mail order department has been in operation for about six years now?—A. Yes, since 1928.

Q. You have your narrative on wages. What are the features about wages?—A. Overtime is paid at regular rates, and one week's holiday each year is allowed to all employees who have been with the company over one year. In addition bonused holidays are frequently granted for meeting special sales quotas.

All employees make a contribution for sickness insurance to the Catholic Syndicate which is under the management of their own representatives. Male employees pay 20 cents and female pay 10 cents per week, the benefits derived therefrom being as follows:

For male employees:

\$8 per week for 10 weeks' sickness.

\$250 death benefit if employed less than two years.

\$500 death benefit if employed more than two years.

For female employees:

Half of these rates of benefit, except that those female workers who are supporting families may, by the payment of 20 cents a week, become entitled to the same benefits as male employees.

The company makes a contribution to the syndicate of from \$1,000 to \$1,500 per annum.

All employees are entitled to a discount of 20 per cent on cash purchases from the company.

The company has no regular pension scheme but a number of employees have been superannuated and are paid varying amounts at the discretion of the management, the total expenditure for pensions have approximated \$3,000 a year for some years.

By Mr. Senn:

Q. Are those payments optional or compulsory?—A. Optional.

The CHAIRMAN: At the discretion of the management. I think Mr. Senn was referring to the pensions; they are at the discretion of the management.

The WITNESS: Yes, sir, entirely.

Mr. NASH: We will file a short summary in connection with this company, Mr. Chairman, and we will include the questions Mr. Heaps asked.

By Mr. Sommerville:

Q. What was the chief item of expense during that year?—A. We have not got the comparative statements from year to year. That is one of the things that Major Nash is arranging to file.

Q. Then we will take up Henry Morgan & Company, Limited.

Mr. NASH: In connection with Henry Morgan & Company I would like to make this statement to the committee: We could not make this investigation because we are auditors for Henry Morgan & Company, so we cannot speak at all as to this particular firm. Investigation was made by Creak, Cushing & Hodgson, Montreal, and they have forwarded us these statements.

HENRY MORGAN & CO. LIMITED

CLASSIFICATION OF SALES CLERKS' WAGES ON MONTHLY BASIS (A)

	November 1930		November 1932		November 1933	
	Num- ber	Percentage	Num- ber	Percentage	Num- ber	Percentage
		p.c.		p.c.		p.c.
<i>Male—</i>						
\$ 15 to \$ 20.....					1	
20 to 25.....	5		3		1	
25 to 30.....			3		2	
30 to 35.....	2		1		2	
Total under \$35.00.....	7	3.32	7	4.19	6	3.21
35 to 40.....	3		9		4	
40 to 45.....	9		8		9	
45 to 50.....	6		5		7	
Total under \$50.00.....	25	11.85	29	17.37	26	13.90
50 to 55.....	2		3		9	
55 to 60.....	5		2		11	
60 to 65.....	4		7		7	
65 to 70.....	1		8		8	
70 to 75.....	4		8		5	
75 to 80.....	5		5		7	
Total under \$80.00.....	46	21.80	62	37.13	73	39.04
80 to 85.....	7		21		11	
85 to 90.....	5		21		10	
90 to 95.....	11		10		12	
95 to 100.....	21		12		18	
Total under \$100.00.....	90	42.65	126	75.45	124	66.31
100 to 105.....	9		8		6	
105 to 110.....	11		7		13	
110 to 115.....	11		1		7	
115 to 120.....	11		3		3	
120 to 125.....	12		4		2	
Total under \$125.00.....	144	68.25	149	89.22	155	82.89
125 to 130.....	10		3		2	
130 to 135.....	6		4		7	
135 to 140.....	7		1		2	
140 to 145.....	5		2		3	
145 to 150.....	2		1		6	
Total under \$150.00.....	174	82.46	160	95.81	175	93.58
150 to 155.....	6		2			
155 to 160.....	4				2	
160 to 165.....	4		1		3	
165 to 170.....	2					
170 to 175.....	5		1		2	
Total under \$175.00.....	195	92.42	164	98.20	182	97.33
175 to 180.....			3		2	
180 to 185.....	2				1	
185 to 190.....	4					
190 to 195.....					1	
195 to 200.....	2					
200 to 205.....	1					
205 to 210.....	1					
210 to 215.....					1	
215 to 220.....	3					
220 to 225.....	2					
225 to 230.....	1					
	211	100	167	100	187	100

SCHEDULE No. 1

HENRY MORGAN & CO. LIMITED

CLASSIFICATION OF SALES CLERKS' WAGES ON MONTHLY BASIS (A)

	November 1930		November 1932		November 1933	
	Num- ber	Percentage	Num- ber	Percentage	Num- ber	Percentage
		P.c.		P.c.		P.c.
<i>Female—</i>						
\$ 15 to \$ 20.....	1		5		8	
20 to 25.....	3		27		34	
25 to 30.....	23		23		48	
30 to 35.....	13		14		22	
Total under \$35.00.....	40	10.20	69	22.77	112	27.51
35 to 40.....	16		58		43	
40 to 45.....	32		58		73	
45 to 50.....	64		23		34	
Total under \$50.00.....	152	38.77	208	68.65	262	64.37
50 to 55.....	49		31		29	
55 to 60.....	31		13		24	
60 to 65.....	35		8		24	
65 to 70.....	18		11		12	
70 to 75.....	23		5		11	
75 to 80.....	14		6		9	
Total under \$80.00.....	322	82.14	282	93.08	371	91.15
80 to 85.....	12		4		12	
85 to 90.....	12		6		4	
90 to 95.....	11		2		3	
95 to 100.....	8		2		3	
Total under \$100.00.....	365	93.11	296	97.69	393	96.56
100 to 105.....	2				3	
105 to 110.....	5		2		3	
110 to 115.....	2		1		3	
115 to 120.....	3		1		1	
120 to 125.....	2					
Total under \$125.00.....	379	96.68	300	99.00	403	99.01
125 to 130.....	3		1			
130 to 135.....	2		1		1	
135 to 140.....	1					
140 to 145.....	1				1	
145 to 150.....	1					
Total under \$150.00.....	387	98.72	302	99.67	405	99.50
155 to 160.....	1					
165 to 170.....	1					
170 to 175.....	1					
Total under \$175.00.....	390	99.49	302	99.67	405	99.50
175 to 180.....			1		1	
195 to 200.....					1	
205 to 210.....	1					
215 to 220.....	1					
	392	100	303	100	407	100
<i>Total Male and Female—</i>	603		470		594	

HENRY MORGAN & CO. LIMITED

CLASSIFICATION OF EXPENSE WAGES ON MONTHLY BASIS (B)

	November 1930		November 1932		November 1933	
	Num- ber	Percentage	Num- ber	Percentage	Num- ber	Percentage
Male—						
\$ 15 to \$ 20.....	5		4		5	
20 to 25.....	32		24		25	
25 to 30.....	13		12		9	
30 to 35.....	14		5		4	
Total under \$35.00.....	64	18.13	45	15.73	43	14.65
35 to 40.....	8		3		3	
40 to 45.....	2		11		10	
45 to 50.....	11		8		17	
Total under \$50.00.....	85	24.08	67	23.42	73	24.83
50 to 55.....	2		9		11	
55 to 60.....	6		32		21	
60 to 65.....	24		28		63	
65 to 70.....	10		37		10	
70 to 75.....	77		15		16	
75 to 80.....	24		23		24	
Total under \$80.00.....	228	64.59	211	73.77	218	74.15
80 to 85.....	5		30		31	
85 to 90.....	27		5		5	
90 to 95.....	18		8		8	
95 to 100.....	28		7		9	
Total under \$100.00.....	306	86.68	261	91.26	271	92.18
100 to 105.....			3		4	
105 to 110.....	9		5		5	
110 to 115.....	3		1		1	
115 to 120.....	4		1		1	
120 to 125.....	6		2		2	
Total under \$125.00.....	328	92.92	273	95.45	284	96.59
125 to 130.....	6		2		2	
130 to 135.....			1		1	
135 to 140.....	3		1		1	
140 to 145.....	1		2		2	
145 to 150.....	1		4		3	
Total under \$150.00.....	339	96.03	283	98.95	293	99.65
150 to 155.....	2		1			
160 to 165.....	2		1			
165 to 170.....	1					
170 to 175.....	2					
Total under \$175.00.....	346	98.02	285	99.65	293	99.65
175 to 180.....	1					
180 to 185.....			1		1	
185 to 190.....	3					
195 to 200.....	1					
220 to 225.....	2					
	353	100	286	100	294	100

SCHEDULE No. 2

HENRY MORGAN & CO. LIMITED

CLASSIFICATION OF EXPENSE WAGES ON MONTHLY BASIS (B)

	November 1930		November 1932		November 1933	
	Num- ber	Percentage	Num- ber	Percentage	Num- ber	Percentage
<i>Female—</i>						
\$ 15 to \$ 20.....	68		80		121	
20 to 25.....	76		48		33	
25 to 30.....	25		23		22	
30 to 35.....	15		6		8	
Total under \$35.00.....	184	63.01	157	64.88	184	69.96
35 to 40.....	8		14		17	
40 to 45.....	19		19		15	
45 to 50.....	13		11		10	
Total under \$50.00.....	224	76.71	201	83.06	226	85.93
50 to 55.....	18		4		3	
55 to 60.....	6		8		8	
60 to 65.....	7		7		5	
65 to 70.....	3		5		5	
70 to 75.....	7		3		4	
75 to 80.....	8		3		3	
Total under \$80.00.....	273	93.49	231	95.45	254	96.57
80 to 85.....	1		3		2	
85 to 90.....	3		1			
90 to 95.....	4		3		3	
95 to 100.....	3		1		1	
Total under \$100.00.....	284	97.25	239	98.75	260	98.86
100 to 105.....	1					
105 to 110.....	2		1		1	
110 to 115.....	1					
115 to 120.....	1		1		1	
120 to 125.....	1					
Total under \$125.00.....	290	98.97	241	99.58	262	99.64
130 to 135.....	1					
140 to 145.....	1					
170 to 175.....			1		1	
235 to 240.....	1					
	293	100	242	100	263	100
<i>Total Male and Female.....</i>	646		528		557	

HENRY MORGAN & CO. LIMITED

CLASSIFICATION OF DINING ROOM WAGES ON MONTHLY BASIS (C)

	November 1930		November 1932		November 1933	
	Num- ber	Percentage	Num- ber	Percentage	Num- ber	Percentage
		P.c.		P.c.		P.c.
<i>Male—</i>						
\$ 20 to \$ 25.....			1		1	
25 to 30.....	8					
30 to 35.....	5					
Total under \$35.00.....	13	23.22	1	4.55	1	5
35 to 40.....	19		7		7	
40 to 45.....	3		1		1	
45 to 50.....	2		1		1	
Total under \$50.00.....	37	66.07	10	45.45	10	50
50 to 55.....			2		2	
55 to 60.....	1		1		1	
60 to 65.....	2		2		1	
70 to 75.....	1		1		1	
75 to 80.....	1					
Total under \$80.00.....	42	75	16	72.72	15	75
80 to 85.....	1		1		1	
85 to 90.....	2		2		2	
90 to 95.....						
95 to 100.....	1		1		1	
Total under \$100.00.....	46	82.14	20	90.91	19	95
100 to 105.....	1					
105 to 110.....	2					
115 to 120.....	4					
120 to 125.....			1			
125 to 130.....			1		1	
130 to 135.....	2					
155 to 160.....	1					
	56	100	22	100	20	100
<i>Female—</i>						
\$ 10 to \$ 15.....	5		5		5	
15 to 20.....	2		2		2	
20 to 25.....	5		9		8	
25 to 30.....	2		10		9	
30 to 35.....	11		2		1	
Total under \$35.00.....	25	65.79	28	82.35	25	83.33
35 to 40.....	3		5		4	
40 to 45.....	7					
Total under \$50.00.....	35	92.10	33	97.06	29	96.66
50 to 55.....	2		1		1	
55 to 60.....	1					
Total under \$60.00.....	38	100	34	100	30	100
Total Male and Female.....	94		56		50	

NOTE.—Lunch room workers are provided with breakfast and lunch.

SCHEDULE No. 4

HENRY MORGAN & CO. LIMITED

CLASSIFICATION OF DEPARTMENT MANAGERS, EXECUTIVES FOR CALENDAR YEARS (D)

	Calendar Year 1930		Calendar Year 1932		Calendar Year 1933	
	Number	Salary	Number	Salary	Number	Salary
		\$ cts.		\$ cts.		\$ cts.
Department Managers.....	33	137,948 17	33	112,562 36	36	111,265 77
Average		4,180 25	Average	3,410 98	Average	3,090 71
Interior Decorators.....	6	26,049 70	4	10,831 05	4	10,518 38
Average		4,341 61	Average	2,707 76	Average	2,629 59
Expense Managers and Assistants.	19	60,523 78	18	52,632 00	23	61,531 52
Average		3,185 46	Average	2,924 00	Average	2,675 28
Executives.....	8	93,700 00	7	57,417 75	6	44,678 25
Average		11,712 50	Average	8,202 54	Average	7,446 38

SCHEDULE No. 5

HENRY MORGAN & CO. LIMITED

NUMBER OF EMPLOYEES, TOTAL WAGES AND REDUCTION IN WAGES

	1930	1932	1933
Number of Employees as at 1st November each year.....	1,428	1,147	1,260
Wages for first week in November.....	\$ 10,930 88	\$ 7,093 08	\$ 7,041 23

	Year to 31st Jan. 1931	Year to 31st Jan. 1932	Year to 31st Jan. 1933	Eleven Mos. to 31st Dec. 1933
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Total Wages for year—				
Selling Wages.....	711,330 53	629,657 52	456,997 70	433,371 17
Expense Wages.....	621,758 18	553,200 00	442,005 98	394,144 39
	1,333,088 71	1,182,857 52	899,003 68	827,315 56

Reduction in Wages—

On 16th October 1931—Cut of 10% on all help over \$30.00 per month.

Estimated reduction for two and one half months.....\$ 29,370 00

On 1st May 1932—Further cut ranging from 5%, 7½% and 10% and commissions cancelled to sales help.

Estimated reduction on both cuts for year.....\$ 137,600 00 \$ 151,000 00

LESS:

On August 1st 1933—Commission to Sales Help restored of 1% on all Sales..... 26,000 00

Estimated Reduction for eleven months.....\$ 125,000 00

SCHEDULE No. 6

HENRY MORGAN & CO. LIMITED

GENERAL CONDITIONS OF EMPLOYMENT AND POLICY OF SHORT TIME EMPLOYEES

General conditions of employment—

Employees engaged on no fixed period for resignation or dismissal.

Employees' Benefit Fund maintained. A share of profits earned by the Company is credited to this account, and paid to employees as necessity arises. Nothing credited to this account for the past three years.

Dividends paid in year 1930 amounted to \$68,484.00, and no dividends paid since.

Bonus Ledger. A share of profits is credited to each employee who is entitled to draw this money after seven years service, one-third is payable, after fourteen years two-thirds is payable and full amount after twenty-one years. Nothing has been credited to this fund for the past three years. Last credit in 1929 amounted to \$57,841.80.

Holiday. After six months service—one week's holiday at full pay. After one year's service—two weeks holiday at full pay.

Sick-leave. Paid half-pay for one month. Doctor's services and medicine provided free.

Bonuses. Cash bonus paid in profitable times as well as reserve credited above. No bonus paid since 1930, when \$62,919.29 was distributed.

Employees. 20 p.c. discount allowed on all purchases.

Death of Employee. Balance at credit on Bonus Ledger payable to Estate of deceased.

Policy of short time employees—

Henry Morgan & Co. maintain a list of employees available for temporary employment. A certain number of such temporary help are transferred to the permanent staff. This system was introduced September 1933. Usual rate of pay paid to this class of help. Register shows about 200 names at present.

Needle Trade—

Not interested beyond simple alterations in dresses, etc.

SCHEDULE No. 20

HENRY MORGAN & CO. LIMITED
NET CONSIGNMENTS RECEIVED FROM SUPPLIERS

	Year to 31st Jan., 1930	Year to 31st Jan., 1931	Year to 31st Jan., 1932	Year to 31st Jan., 1933	Eleven Months ended 31st Dec., 1933
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
February.....	16,379 18	6,659 34	4,184 79	8,711 36	20,639 39
March.....	1,691 19	6,365 08	14,312 80	7,404 90	9,202 88
April.....	9,845 27	1,570 22	5,011 16	5,173 87	4,765 32
May.....	3,860 60	1,801 59	12,620 16	9,378 05	3,895 72
June.....	6,842 58	18,920 31	10 34	11,890 68	8,560 24
July.....	3,824 63	5,306 56	8,015 34	403 66	920 16
August.....	2,159 92	3,914 01	3,602 51	10,077 07	2,757 51
September.....	6,022 57	708 45	2,660 82	4,080 66	8,814 47
October.....	3,497 62	11,069 56	5,685 61	5,725 51	3,892 88
November.....	3,305 71	5,763 30	11,582 40	29,893 54	7,073 63
December.....	5,130 23	13,701 89	11,287 07	6,923 38	13,604 11
January.....	7,006 37	4,168 40	5,730 26	17,251 58	
	55,553 13	57,392 61	73,242 74	81,603 78	82,285 99
Inventory of Goods held on Consign- ment—					
	31st Jan., 1930	31st Jan., 1931	31st Jan., 1932	31st Jan., 1933	31st Dec., 1933
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
	26,163 41	26,449 98	21,000 00	27,126 14	32,864 51

NOTE.—Records not available to distinguish between sales of goods held on consignment and sales of Company's own goods.

SCHEDULE No. 21

HENRY MORGAN & CO. LIMITED

COMPARATIVE LINEAGE OF NEWSPAPER ADVERTISING FOR FIVE YEARS ENDED 31ST JANUARY, 1934

Year ended 31st January, 1930.....	Lineage
“ “ 1931	2,583,858
“ “ 1932	2,570,651
“ “ 1933.....	2,490,178
“ “ 1934.....	2,268,039
	2,431,064

SCHEDULE No. 23

HENRY MORGAN & CO. LIMITED
STATEMENT OF ADVERTISING ALLOWANCES AND REBATES

	1929	1930	1931	1932	1933
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Advertising allowances.....	5,870 04	4,856 70	7,071 44	4,189 11	7,734 42
Rebates.....	7,101 41	5,346 07	1,279 12	611 38	1,403 69

HENRY MORGAN & CO., LIMITED

DEPARTMENTAL OPERATING STATEMENT FOR ELEVEN MONTHS ENDED 31ST DECEMBER 1933

Departments		Sales		Cost of Sales		Gross Profit		Percentage to Cost of Sales		Expenses		Net Departmental Profit		Net Departmental Loss	
Num-ber	Name	\$ cts.		\$ cts.		\$ cts.				\$ cts.		\$ cts.		\$ cts.	
		\$	cts.	\$	cts.	\$	cts.			\$	cts.	\$	cts.	\$	cts.
10	Neckwear.....	26,313	98	17,145	27	9,168	71	53.5		11,093	24			1,924	53
11	Silks and Velvets.....	119,112	03	88,771	46	30,340	57	34.2		44,423	98			14,083	41
12	Art Needlework.....	23,090	93	14,022	40	9,068	53	64.7		12,920	32			3,851	79
13	Wash Goods.....	27,269	10	18,102	19	9,166	91	50.6		10,785	22			1,618	31
14	Dress Goods.....	64,716	32	43,116	22	21,600	10	50.1		19,335	35				
16	Linens, Cottons, Flannels.....	87,109	06	62,758	39	24,350	67	38.8		37,607	28	2,264	75		
17	Blankets and Down Quilts.....	25,268	24	17,430	61	7,837	63	45.0		9,421	09			13,256	61
18	Stationery and Cards.....	108,068	05	78,466	95	30,201	10	38.5		36,070	31			1,584	06
19	Hosiery, Women's.....	153,432	05	112,341	09	41,090	96	36.6		44,285	91			5,869	21
20	Gloves, Women's.....	101,124	81	69,669	48	31,455	33	45.2		31,283	03	172	30	3,194	95
21	Women's Handkerchiefs.....	17,499	85	11,499	52	6,000	33	52.2		8,282	31				
22	Smallwares.....	34,253	37	22,754	11	11,499	26	50.5		14,892	59			2,281	98
23	Jewellery.....	20,139	29	14,522	39	5,616	90	38.7		8,699	91			3,093	33
24	Kodaks.....	10,094	87	6,592	17	3,502	70	53.1		4,266	62			3,083	01
25	Candies.....	22,503	50	15,750	20	6,753	30	42.9		9,017	02			763	92
26	Pictorial Patterns.....	3,241	12	2,208	79	1,032	33	46.7		1,630	98			2,263	72
27	Trunks and Sewing Machines.....	25,354	10	17,023	90	8,330	20	48.9		9,693	63			598	65
28	Men's Furnishings.....	148,577	11	97,888	54	50,688	57	51.8		48,295	79	2,392	78	1,363	43
29	Hats, Umbrellas and Canes.....	28,345	89	17,358	82	10,987	07	63.3		12,621	70			1,634	63
30	Men's Tailoring.....	35,239	63	26,077	20	9,162	43	35.1		11,635	08			2,472	65
31	Women's Shoes.....	150,731	33	103,478	11	47,253	22	45.8		44,720	52				
32	Men's Shoes.....	90,353	42	59,828	38	30,525	04	51.0		29,940	90				
33	Men's Clothing.....	157,198	33	110,693	29	46,505	04	42.0		45,521	59				
34	Baskets and Baby Carriages.....	2,832	43	2,053	87	778	56	37.9		2,390	40				
35	Toys.....	42,270	08	26,782	68	15,487	40	57.8		19,721	72			1,611	84
36	Sporting Goods.....	47,274	56	32,964	30	14,310	26	43.4		19,489	03			4,234	32
37	Hardware.....	45,873	37	30,631	32	15,242	15	49.8		20,044	83			5,178	77
38	Brass Goods.....	18,275	13	11,718	77	6,556	36	55.9		7,068	15			4,802	68
39	Silverware.....	28,131	60	23,100	27	5,031	33	21.8		12,344	60			531	79
40	Fancy China.....	43,706	31	28,200	87	15,445	44	54.7		23,181	59			7,313	27
41	Clocks.....	14,949	15	10,619	12	4,330	03	40.8		7,905	85			7,736	15
42	Drugs and Toilet Goods.....	174,824	88	127,737	51	47,087	37	36.9		45,435	50			3,575	82
43	Milinery.....	38,718	49	26,805	41	11,913	08	44.4		24,149	40	1,651	87	12,236	32
44	Whitewear.....	60,895	00	38,277	59	22,617	41	59.1		19,054	96	3,562	45		

45	Wallpaper.....	14, 107 96	11, 506 71	2, 601 25	11, 043 31	8, 442 06
46	Draperies.....	115, 309 89	85, 762 65	29, 517 24	45, 752 02	19, 201 78
47	Carpets.....	48, 822 15	31, 824 21	17, 297 94	15, 981 36	1, 316 58
48	Rugs and Mats Domestic.....	61, 737 95	45, 391 35	16, 346 60	17, 999 14	1, 652 54
49	Linoleum and Vacuum Cleaners.....	24, 283 31	20, 811 15	3, 472 16	11, 060 00	7, 587 84
50	Ribbons.....	10, 758 05	6, 203 76	4, 554 29	4, 976 48	422 19
51	Furniture.....	232, 969 69	176, 069 23	56, 900 46	92, 632 80	35, 732 34
52	Electrical.....	36, 657 01	26, 538 26	9, 518 75	15, 280 93	5, 762 18
53	Butterick Patterns.....	2, 869 15	3, 018 52	149 37	1, 731 30	1, 880 67
54	Metal Beds and Bedding.....	50, 168 40	34, 228 95	15, 939 45	14, 598 46	1, 340 99
55	European Furniture.....	7, 367 53	5, 462 22	1, 905 31	7, 658 80	5, 753 49
56	Dining Room and Wines.....	47, 364 46	21, 205 52	26, 158 94	51, 811 57	25, 652 63
57	Underwear, Women's.....	27, 111 12	17, 949 01	9, 162 11	6, 876 42	2, 285 63
58	Laces and Trimmings.....	17, 697 30	12, 715 62	4, 981 68	7, 896 18	2, 914 50
59	Women's Umbrellas.....	8, 002 86	5, 101 14	2, 901 72	3, 630 93	729 21
60	Books.....	82, 473 63	66, 309 22	16, 161 41	27, 319 48	11, 153 07
61	Leather Goods.....	37, 511 11	28, 165 07	9, 346 04	13, 890 98	4, 544 94
62	Shirts.....	47, 773 19	30, 215 00	17, 558 19	12, 529 78	5, 028 41
63	Boy's Clothing.....	120, 431 29	86, 508 08	33, 923 21	41, 617 24	7, 694 03
64	Boats and Canoes.....	4, 119 34	3, 134 04	985 30	1, 384 86	399 56
65	Women's Coats and Suits.....	120, 628 97	81, 240 53	36, 388 44	46, 715 21	10, 326 77
66	Women's Dresses.....	116, 632 28	96, 042 83	20, 589 45	53, 364 28	32, 774 83
67	Kimonos and Dressing Gowns.....	21, 172 00	12, 021 08	9, 150 92	5, 952 23	3, 198 69
68	House Dresses and Uniforms.....	16, 435 30	10, 440 31	5, 994 99	4, 485 95	1, 509 04
69	Infants' Goods.....	80, 833 11	53, 367 72	27, 465 39	28, 799 75	1, 334 36
70	Juvenile.....	76, 446 33	51, 503 16	24, 943 17	28, 686 13	3, 742 96
71	Hair Dressing.....	32, 318 37	27, 201 98	5, 056 39	3, 631 64	1, 424 75
72	Soda Fountain.....	32, 603 98	17, 974 04	14, 029 94	14, 764 04	134 10
73	Household Appliances.....	38, 147 23	27, 919 47	10, 227 76	10, 288 94	61 18
74	China Stock Patterns.....	44, 623 37	30, 559 35	14, 064 02	16, 571 12	2, 507 10
75	Glassware.....	27, 381 00	17, 831 17	9, 549 83	12, 388 24	2, 838 41
76	Paris Patterns.....	1, 943 30	1, 618 17	325 13	1, 443 60	1, 118 47
77	Waists, Sweaters, Bathing Suits.....	56, 453 10	36, 105 71	20, 347 39	19, 454 61	892 78
78	Corsets.....	37, 577 13	23, 380 41	14, 196 72	10, 807 12	3, 389 60
79	Vogue Patterns.....	9, 330 13	7, 081 00	2, 249 13	2, 909 07	659 94
80	Knitting Wools.....	27, 487 15	16, 060 38	11, 426 77	6, 135 35	5, 291 42
81	Children's Shoes.....	55, 289 38	38, 008 29	17, 281 09	14, 901 32	2, 379 77
82	Oriental Rugs.....	191, 483 01	133, 722 17	57, 760 84	58, 617 79	756 95
83	Cigar Store.....	28, 355 24	24, 881 68	3, 543 56	6, 617 91	3, 074 35
84	Barber Shop.....	1, 666 10		1, 666 10	2, 655 38	989 28
85	Furs.....	143, 439 45	92, 893 46	50, 545 99	33, 589 76	16, 956 23
86	Fur Storage.....	9, 609 11	1, 208 46	8, 400 65	3, 998 82	4, 401 83
87	Chatelaine Patterns.....				993 06	799 71
88	Unpainted Furniture.....	15, 360 96	10, 291 87	5, 036 09	4, 528 80	2, 762 13
89	Garden Shop.....	15, 099 23	10, 490 78	4, 608 45	7, 370 58	2, 255 62
90	Paints and Varnishes.....	15, 197 29	11, 825 90	3, 371 39	5, 627 01	944 44
91	Radios and Gramophones.....	54, 634 30	31, 580 02	20, 074 28	21, 018 72	

HENRY MORGAN & CO., LIMITED

DEPARTMENTAL OPERATING STATEMENT FOR ELEVEN MONTHS ENDED 31ST DECEMBER, 1933 - *Concluded*

Num-ber	Departments Name	Sales \$ cts.	Cost of Sales \$ cts.	Gross Profit \$ cts.	Percentage to Cost of Sales	Expenses \$ cts.	Net Depart- mental Profit \$ cts.	Net Depart- mental Loss \$ cts.
92	Jeunesse.....	60,146 79	53,275 25	6,871 54	12.9	21,954 07	7,112 64	15,082 53
100	Shopping Service.....	14,504 49	4,570 82	9,933 67		2,821 03		
	Bon Marche	229,039 28	161,040 42	67,999 40	42.2	84,939 80		16,940 40
		4,569,052 36	3,195,078 55	1,373,973 81		1,651,554 43	71,210 09	348,790 71
						Store Managers' Bonus not allocated to Departments.....		\$ 1,679 76
						Less Net Departmental Profit.....		\$ 350,470 47
						Net Loss—Store.....		71,210 09
								\$ 279,260 38
						EXPENSES		
						39.9 93,985 72		17,515 11
	Factory Operations.....	268,034 17	191,563 56	76,470 61				
						Net Loss for Eleven months ended 1st De- cember 1933.....		\$ 296,775 49

HENRY MORGAN & CO. LIMITED
EXAMPLES OF PRICE SPREADS—WOMEN'S SHOES DEPARTMENT, DURING YEAR 1933

Invoice Date	Article Description	Quantity	Invoice Price per Unit		Sales Tax		Cash Discount		Total Unit Cost		Initial Unit Selling		Margin Amount		Margin Percentage to Cost
			\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	
Oct. 4, 1933	Black Vville Satin Sandal.....	39	4.50		0.23				4.73		10.50		5.77		122.0
Sept. 2, 1933	Slipper Samples—Hard Sole.....	117	1.33		0.08				1.41		2.95		1.54		109.2
Feb. 24, 1933	Kid Sandal—Black, Brown, Blue, Grey.....	193	7.50		0.23				7.73		15.00		7.27		94.0
Oct. 2, 1933	Kid—Black Tie.....	54	5.62		0.17				5.79		10.50		4.71		81.3
Oct. 23, 1933	Slippers.....	529	0.95						0.95		1.65		0.70		73.7
Jan. 24, 1933	Assorted—Bankrupt Stock.....	2,156	2.27½		0.07				2.34½		4.00		1.65½		70.6
Feb. 15, 1933	Kid—74 Brown.....	42	6.09		0.18				6.27		10.50		4.23		67.5
May 2, 1933	White Kid—Tie and Strap.....	106	7.25		0.43			0.14	7.54		12.50		4.96		65.8
Mar. 20, 1933	Assorted Lots.....	386	3.50		0.10				3.60		5.95		2.35		65.3
Mar. 29, 1933	Calf, Suede, Kid—Pump and Tie, Grey, Blue, Beige.....	216	2.95		0.17				3.12		4.95		1.83		58.7
Sept. 29, 1933	Kid—Brown Tie and Gore, Black Gore.....	174	4.50		0.26				4.76		7.50		2.74		57.6
Mar. 30, 1933	Elk—Blond and White Tie.....	94	3.00		0.18				3.18		4.95		1.77		55.7
Nov. 15, 1933	Motor Boots—seconds.....	229	2.48				0.05		2.43		3.65		1.22		50.0
Dec. 1, 1933	Slippers.....	200	0.95		0.06				1.01		1.50		0.49		50.0
Oct. 5, 1933	Calf and Suede.....	58	3.15		0.19				3.34		4.95		1.61		48.2
June 4, 1933	Kid—Sonja Anatomic, Black, Brown.....	41	4.00		0.24				4.24		5.95		1.71		40.3
Aug. 2, 1933	Job Lot.....	985	2.00		0.12				2.12		2.95		0.83		39.1
Nov. 17, 1933	Moritz Black—Motor Boots.....	96	2.75				0.05		2.70		3.75		1.05		38.9

HENRY MORGAN & CO. LIMITED
EXAMPLES OF PRICE SPREADS—WOMEN'S READY TO WEAR DEPARTMENT, DURING YEAR 1933

Invoice Date	Article Description	Quantity	Invoice Price per Unit	Sales Tax	Cash Discount	Total Unit Cost	Initial Unit Selling	Margin Amount	Margin Percentage to Cost
			\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
Feb. 15, 1933	Dresses.....	23	7.50	0.40	.....	7.90	19.50	11.60	146.8
Feb. 23, 1933	Coats—Wolf trimmed—Llama.....	20	24.50	1.23	0.49	25.24	59.50	34.26	135.7
Oct. 6, 1933	Coats.....	36	18.00	1.08	.....	19.08	41.80	22.72	119.0
May 3, 1933	Dresses.....	21	8.75	0.42	.....	9.17	19.50	10.33	112.6
Mar. 13, 1933	Coats.....	20	16.00	0.80	.....	16.80	35.00	18.20	108.3
Mar. 18, 1933	Dresses—Blue Chiffon and Lace.....	2	39.50	1.90	.....	41.40	85.00	43.60	105.3
June 23, 1933	Dresses.....	18	6.25	0.30	.....	6.55	12.75	6.20	94.7
Oct. 7, 1933	Coats.....	14	15.50	0.74	0.31	15.93	29.50	13.57	85.2
Feb. 3, 1933	Dresses.....	18	10.75	0.52	.....	11.27	19.50	8.23	73.0
Oct. 10, 1933	Coats.....	68	17.00	1.02	.....	18.02	29.50	11.48	63.7
Feb. 27, 1933	Dresses—Jeunesse—various colours.....	35	21.00	1.00	.....	22.00	35.00	13.00	59.0
Oct. 2, 1933	Coats.....	45	15.00	0.90	.....	15.90	25.00	9.10	57.2
May 16, 1933	Dresses.....	27	10.50	0.50	0.21	10.79	16.75	5.96	55.2
May 11, 1933	Coats—white.....	17	9.25	0.58	0.19	9.64	14.75	5.11	53.0
Sept. 13, 1933	Coats—Fur Trimmed.....	29	22.50	1.35	.....	23.85	35.00	11.15	46.8
Oct. 26, 1933	Sample Dresses.....	115	19.00	1.14	.....	20.14	29.50	9.36	46.5
Sept. 23, 1933	Coats—Assorted colours.....	79	35.00	1.75	.....	36.75	49.50	12.75	34.7
Aug. 15, 1933	Dresses.....	7	15.50	0.74	.....	16.24	19.50	3.26	20.0

HENRY MORGAN & CO. LIMITED

EXAMPLES OF PRICE SPREADS—MEN'S CLOTHING DEPARTMENT, DURING YEAR 1933

Invoice Date	Article Description	Quantity	Invoice Price per Unit	Sales Tax	Freight and Express	Total Unit Cost	Initial Unit Selling	Margin Amount	Margin Percentage to Cost
Aug. 1, 1933	Suits, Extra Pants, Peverley, Angus, Duke.	25	\$ 14.50	\$ cts. 0.73	\$ cts.	\$ 15.23	\$ cts. 29.50	\$ 14.27	93.6
Mar. 6, 1933	Top Coats, Slipon, Fenwood, Logan.....	48	14.75	0.89	.....	15.64	29.50	13.86	88.6
Feb. 1, 1933	Suits, Extra Pants, Dayton, Duke.....	30	12.60	0.75	.....	13.35	25.00	11.65	87.3
Mar. 2, 1933	Suits, Extra Pants, Dayton, Beverley, Duke.	52	15.10	0.90	.....	16.00	29.50	13.50	84.4
Nov. 10, 1933	Chaufeurs' Overcoats.....	17	18.50	0.93	.....	19.43	35.00	15.57	80.1
Aug. 31, 1933	Topcoats, Raglo, Stroller Shorts.....	11	9.50	0.48	.....	9.98	17.50	7.52	75.3
Aug. 5, 1933	Suits, Extra Pants, Stout, Med. Stout.....	16	16.50	0.83	.....	17.33	29.50	12.17	70.2
Oct. 6, 1933	Overcoats—Cantley.....	28	10.95	0.66	.....	11.61	19.50	7.89	67.9
Feb. 1, 1933	Suits, Extra Pants, Dayton Med., Peverley	23	14.45	0.67	.....	15.12	25.00	9.63	63.2
Dec. 1, 1933	Flannel Gowns.....	21	7.75	0.47	0.07	8.29	13.50	5.21	62.8
Aug. 4, 1933	Coats—Newbury.....	11	31.25	.....	.....	31.25	50.00	18.75	60.0
Feb. 10, 1933	Suits—Made to Special Order.....	18	19.50	0.93	.....	20.43	32.50	12.02	58.7
Oct. 18, 1933	Overcoats—Norwich, Beatty.....	18	17.00	0.85	0.06	17.91	27.50	9.59	53.5
Oct. 6, 1933	Overcoats—Cantley.....	30	12.65	0.76	.....	13.41	19.50	6.09	45.4
Jan. 31, 1933	Ends Suitings, 4½ yds. each.....	83	10.00	0.50	.....	10.50	15.00	4.50	42.8
May 1, 1933	Men's Trousers.....	67	3.15	0.17	0.05	3.37	4.80	1.43	42.4
Oct. 6, 1933	Overcoats—Senator.....	39	16.95	1.00	.....	17.95	19.50	1.55	8.6
Nov. 3, 1933	Chesterfield Overcoats, Specially priced.....	90	23.00	1.15	0.04	24.19	25.00	0.81	3.3

HENRY MORGAN & CO. LIMITED
EXAMPLES OF PRICE SPREADS—FURNITURE DEPARTMENT, DURING YEAR 1933

Invoice Date	Article Description	Quantity	Invoice Price per Unit	Sales Tax	Freight and Express	Total Unit Cost	Initial Unit Selling	Margin Amount	Margin Percentage to Cost
			\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
June 20, 1933	Walnut Dining Room Suite.....	1	100.00	6.00	6.05	112.05	285.00	172.95	154.3
Jan. 27, 1933	Walnut Bedroom Suite.....	1	184.00	9.39	8.61	202.00	500.00	298.00	147
Aug. 16, 1933	Antique Oak Finish Dining Room Suite.....	1	200.00	10.20	9.03	219.23	475.00	255.77	117
Sept. 8, 1933	Mahogany Highboy Chest brass trim.....	1	50.00	3.00	4.80	57.80	120.00	62.20	108
Dec. 19, 1933	Mahogany Nest of Tables.....	1	21.83	1.13	0.47	23.43	47.50	24.07	103
June 20, 1933	Mahogany Bedroom Suite.....	1	260.50	15.63	15.70	291.83	510.00	218.17	74
Jan. 5, 1933	Mahogany Dining Room Suite.....	1	177.50	9.05	10.81	197.36	337.50	140.14	71
Jan. 18, 1933	Chesterfield and Chair	1	54.50	3.27	.....	57.77	98.00	40.23	70
Dec. 31, 1933	Mahogany Chests.....	1	19.00	0.97	1.90	21.87	37.00	15.13	69
Oct. 27, 1933	Chesterfield Walnut Reversible Cushions ..	1	125.00	6.38	7.00	138.38	225.00	86.62	63
Sept. 14, 1933	Bed—Maple.....	1	15.00	0.76	.....	15.76	25.50	9.74	62
June 20, 1933	Walnut Bedroom Suite.....	1	100.00	6.00	6.05	112.05	180.00	67.95	61
Jan. 18, 1933	Chesterfield Chair and Stool.....	1	193.25	11.60	.....	204.85	328.00	123.15	60
July 5, 1933	Antique Walnut Dull Bedroom Suite.....	1	100.00	5.10	7.54	112.64	178.00	65.36	58
June 20, 1933	Walnut Dining Room Suite.....	1	168.00	10.08	10.15	188.23	295.00	106.77	56
Nov. 9, 1933	Walnut Chairs.....	1	12.50	0.75	.....	13.25	19.75	6.50	50
Jan. 2, 1933	Maple Bedroom Suite.....	1	112.75	6.77	.....	119.52	177.50	57.98	50
Jan. 18, 1933	Chesterfield Chair.....	1	124.75	7.49	.....	132.24	198.00	65.76	50
Mar. 23, 1933	Mahogany Dining Room Suite.....	1	250.00	12.75	11.51	274.26	395.00	120.74	44
July 5, 1933	Antique Walnut Dull Dining Suite.....	1	125.00	6.37	9.43	140.80	198.00	57.20	41

Net consignments received in each of the last five years have increased from \$55,000 to something over \$80,000, and consignments goods held at 31st December, 1933, amounted to approximately \$33,000.

Newspaper advertising for the year ending 31st January, 1934, amounted to 2,431,064 lines as compared with 2,583,858 lines in the year ending 31st January, 1930.

Advertising allowances have varied between \$4,100 and \$7,700 in each of the last five years, substantial amounts having been received from hosiery and shoe companies. Rebates have varied considerably, ranging from \$7,100 in 1929 to \$611 in 1932, and \$1,400 in 1933. These have been received from thirteen companies, comprising manufacturers of rubber, perfumes, silk, etc.

A comparative classification of male and female sales clerks' rates of wages in November, 1930, 1932 and 1933 are presented as schedule No. 1, of expense wages as schedule No. 2, and of dining room wages as schedule No. 3.

Schedule No. 4 indicates a comparative classification of department and other managers and executives showing numbers in each allowed, the total salary paid and the average received by those in each category.

Schedule No. 5 sets out the total number of employees with wages paid for the first week in November, 1930, 1932, and 1933, and for the years ending 31st January, 1931, 1932, and 1933, and the 11 months ending 31st December, 1933.

On 16th October, 1931, a cut of 10 per cent was made in wages of all help receiving over \$30 a month, and on 1st May, 1932, a further cut ranging from 5 per cent, 7½ per cent and 10 per cent was made. At the latter date commission of 1 per cent on sales were cancelled to sales help only to be restored on August 1st, 1933.

General conditions of employees are set out in schedule No. 5.

By Mr. Sommerville:

Q. Now, look at schedule No. 1. This is a classification of sales clerks' wages?—A. Yes.

Q. And in 1930 there were 7 who were receiving under \$35 a month?—A. Yes, sir. In 1932 there were 7; and in 1933 there were 6.

Q. Then sales clerks receiving under \$50 a month?—A. 25 in 1930; 29 in 1932; and 26 in 1933, receiving under \$50 per month.

Q. So you have these numbers remaining constant for those receiving under \$50.

Mr. KENNEDY (*Peace River*): How does this store manage to survive paying those wages?

Mr. SOMMERVILLE: This is per month, it is not per week.

By Mr. Sommerville:

Q. Now then the next?—A. Those receiving under \$80.

Q. Yes.—A. 46 men received under \$80 per month in 1930; 62 in 1932; and 73 in 1933.

Q. That is an increased number of men who received under \$80 a month, a slight increase from 1932?—A. Yes.

Q. And what percentage of the whole male employees are receiving under \$80?—A. 39 per cent of all the men are receiving under \$80.

Q. Then how many men are receiving between \$80 and \$90?—A. 12 in 1930; 42 in 1932; and 21 in 1933 receiving under \$90 per month.

Q. Then the next under \$100 a month?—A. 90 men in 1930; 126 in 1932; and 124 in 1933.

Q. That is 66 per cent?—A. 66 per cent in 1933.

Q. And then there are how many men receiving over \$100 a month?—
In 1933 there were 63 men receiving more than \$100 a month.

Q. 63 per cent?—A. Yes.

Q. How many were receiving over \$150 per month in 1933?—A. 12 in 1933.

Q. What about the female sales clerks' wages?—A. In 1930, 40 female sales clerks received less than \$35 per month; in 1932 there were 69; and 112 in 1933.

Q. That was a large increase in that number.

By Mr. Heaps:

Q. 112 out of how many?—A. 112 out of 407.

By Mr. Sommerville:

Q. And then how many are there receiving under \$50 per month?—A. 262 receiving under \$50 in 1933.

Q. What proportion is that?—A. 64·7 per cent.

Q. And then under \$80?—A. 371, or 91 per cent.

Q. And how many received over \$80 per month?—A. 36.

Q. Then in the matter of wages of expense clerks or expense employees, that covers all those departments not covered by sales?—A. Yes, sir. 64 men received \$35 or under in 1930; 45 in 1932; and 43 in 1933. Under \$50 per month there were 85 in 1930; 67 in 1932; and 73 in 1933.

Q. That has not been decreased?—A. No.

Q. Then under \$80.

By Mr. Young:

Q. Those men who draw less than \$25 per month are they full grown men or are they boys?

Mr. SOMMERVILLE: I presume mostly parcel clerks.

Mr. NASH: We cannot tell you very much about it, Mr. Young.

By Mr. Sommerville:

Q. Under \$80 a month?—A. Under \$80 a month there were 228 in 1930; 211 in 1932; 218 in 1933 or 74 per cent.

Q. Yes?—A. Under \$100 per month there were 306 in 1930; 261 in 1932; 271 in 1933, 92 per cent.

Q. Those figures have remained fairly consistent throughout. Now then, classification of expense wages, female?—A. Under \$35 there were 184 in 1930.

Q. That was 63·01 per cent?—A. Yes, sir; 157 in 1932; 184 in 1933, nearly 70 per cent.

Q. A five per cent increase?—A. Yes, sir.

Q. Then under \$50?—A. Under \$50 there were 224 in 1930; 201 in 1932; 226 in 1933, 85·93 per cent.

By the Chairman:

Q. That is the equivalent of \$12 per week, is it not?—A. Yes, sir.

Q. What is the percentage getting less than \$12?—A. 85·93 per cent.

By Mr. Sommerville:

Q. That is female expense wages?—A. Female expense wages, yes.

Q. That would include girls working in the wrapping department, parcelling department, cleaners, etc?—A. Yes.

By Mr. Heaps:

Q. What hours do these people work?—A. I have not got that.

By Mr. Sommerville:

Q. Then general conditions of employment and policy of short time employees, will you read that please?—A. *General conditions of employment and policy of short time employees.*

General conditions of employment.

Employees engaged on no fixed period for resignation or dismissal.

Employees' Benefit Fund maintained. A share of profits earned by the company is credited to this account, and paid to employees as necessity arises. Nothing credited to this account for the past three years.

Dividends paid in the year 1930 amounted to \$68,484 and no dividends paid since.

By Mr. Heaps:

Q. Is that a bonus to employees?—A. I would read it as so.

Q. How was it distributed?

Mr. SOMMERVILLE: It is paid into a benefit fund.

By Mr. Heaps:

Q. Anyhow, there has been nothing paid since 1930?—A. No.

Bonus Ledger. A share of profits is credited to each employee who is entitled to draw this money after seven years' service, one-third is payable, after fourteen years two-thirds is payable and the full amount after twenty-one years. Nothing has been credited to this fund for the past three years. Last credit in 1929 amounted to \$57,841.80.

By Mr. Heaps:

Q. Do you know how much has been paid out to the employees from this fund?

Mr. NASH: There is a statement of that. For what year would you like it?

Mr. HEAP: For recent years.

Mr. NASH: In 1931, 1932 and 1933 there was nothing. In 1924 there was \$35,000; in 1925 \$40,000, in 1926 \$46,000, in 1927 \$46,000, in 1928 \$51,000, in 1929 \$54,000.

Mr. HEAPS: There was nothing paid out in the past three years to employees from this fund?

Mr. NASH: Not from the Superannuation Fund.

Mr. HEAPS: How many people are drawing from it now?

Mr. NASH: I cannot tell you.

The WITNESS: I have a note, that in the last ten years nearly \$174,000 has been paid out to employees from that fund.

By Mr. Heaps:

Q. In four years?—A. In 10 years.

Mr. HEAPS: \$14,000 a year approximately.

By Mr. Sommerville:

Q. Now, turning to your price spreads statement, departmental operating statement, the gross mark-up for the year was 43 per cent on cost of sales and that covers all departments in the store, I observe, and your mark-ups run from?—A. 12.9 per cent is the lowest.

Q. 12.9 is the lowest—percentage to cost of sales, I mean—and runs to 63 per cent?—A. To 76.1 per cent. There is one loss leader. No. 53 shows a loss.

Q. That is the pattern department?—A. Yes.

Q. In the statement referring to the shoe department, I observe the percentage mark-up to cost runs from 122 per cent down to 38 per cent; women's ready-to-wear from 146 per cent down to 20 per cent. In women's ready-to-wear, the first item of dresses, just look at that and let me have it—23 dresses?—
A. 23 dresses, invoice price per unit \$7.50, sales tax 40 cents; total unit cost, \$7.90; initial unit selling price, \$19.50; margin, \$11.60, a percentage of margin to cost of 146·8 per cent.

Q. It runs from 135 per cent, 119 per cent, 112 per cent, 108 per cent, 105, 63, 59, 53, 46, 34, down to 20 per cent?—A. Yes.

Q. Then men's clothing department?—A. Men's clothing runs from 93·6 down to 3·3 per cent.

Q. I observe the last one is Chesterfield overcoats specially priced at \$25. That synchronizes with a certain advertisement we had placed before us here, of a certain large store in Montreal. On November 3, 1933, these people paid \$24.19—Morgans—and sold for \$25, a mark-up of 81 cents or 3·3 per cent?—
A. Yes.

Q. Then it runs from that up to 93·6 per cent?—A. Yes.

Q. And in the furniture department?—A. It runs from 154·3 per cent down as low as 41 per cent.

Q. You will give us a comparative statement from these figures similar to that which you have?—A. Yes.

Mr. NASH: I think we should file the original report from Mr. Hodgson which is embodied in this printed statement.

(Report of Creak, Cushing & Hodgson *re* Henry Morgan and Co., filed, marked Exhibit 225.)

The CHAIRMAN: Is that all the department stores?

Mr. SOMMERVILLE: No, there is a statement from Ogilvy's. I think we can finish that.

The CHAIRMAN: All right.

JAS. A. OGILVY'S LIMITED

STATEMENT OF SALES AND GROSS PROFIT FOR THE YEAR 1933

No.	Departments	Sales	Cots of Sales	Gross Profit	Percent- age of Gross Profit to Cost of Sales	Percent- age of Initial Mark- up	Percent- age of Mark- downs, etc.
		\$	\$	\$	%	%	%
28	Dresses—Women's.....	67,254	47,263	19,991	42.3	68.8	26.5
29	Coats—Women's.....	71,377	50,157	21,220	42.3	61.5	19.2
31	Sports Apparel.....	35,491	24,352	11,139	45.7	66.5	20.8
41	Junior Misses.....	37,990	26,174	11,816	45.1	66.5	21.4
36	Millinery.....	50,047	29,513	20,534	69.5	90.9	21.4
37	Women's Shoes.....	94,791	63,060	31,731	50.3	62.1	11.8
90	Chidren's Shoes.....	8,260	5,970	2,290	38.3	56.5	18.2
33	Underwear.....	22,750	14,688	8,062	54.8	64.4	9.6
23	Men's Furnishings.....	93,018	58,458	34,560	59.1	70.2	11.1
24	Men's Clothing.....	82,964	56,082	26,882	47.9	68.2	20.3
25	Boys' Furnishings.....	17,859	11,734	6,125	52.1	68.8	16.7
26	Boys' Clothing.....	24,784	15,998	8,786	54.9	63.8	8.9
63	Men's and Boys' Shoes.....	16,608	11,094	5,514	49.7	65.7	16
45	Furniture.....	125,738	99,056	26,682	26.9	49.1	22.2
49	Hardware.....	46,220	32,178	14,042	43.6	52.5	8.9
15	Toilet Goods.....	38,505	26,148	12,357	47.2	55.4	8.2
65	Men's Furnishings.....	20,908	14,026	6,882	49	62.1	13.1
66	Men's Clothing.....	31,792	22,215	9,577	43.1	54.5	11.4
67	Boys' Furnishings.....	9,122	6,072	3,050	50.2	61.3	11.1
68	Boys' Clothing.....	11,427	7,839	3,588	45.7	59.2	13.5
69	Men's and Boy's Shoes.....	11,159	7,489	3,670	49	57	8
77	Women's Shoes.....	17,202	12,544	4,658	37.1	61.5	24.4
78	Ready-to-Wear.....	31,797	21,308	10,489	49.2	66.4	17.2
71	Millinery.....	6,069	3,468	2,601	75	89.2	14.2
80	House Dresses.....	7,992	5,374	2,618	48.7	58.8	10.1
82	Lingerie.....	19,309	12,298	7,011	57	64.3	7.3

JAS. A. OGILVY'S, LIMITED

Statement No. 1

SUMMARY OF REGULAR STAFF WAGE RATES

(Payroll of 7th January, 1934)

	Total	Under \$12.00	\$12.00— \$15.00	\$15.00— \$18.00	\$18.00 and Over
Total Regular Staff—					
Total.....	425	159	82	77	107
Male.....	173	24	29	39	81
Female.....	252	135	53	38	26
Sales—Help—					
Total.....	175	50	46	31	48
Male.....	59	8	8	12	31
Female.....	116	42	38	19	17
Workrooms and Store Services—					
Total.....	156	50	22	37	47
Male.....	86	8	15	23	40
Female.....	70	42	7	14	7
Office, etc.—					
Total.....	55	26	13	7	9
Male.....	19	5	5	2	7
Female.....	36	21	8	5	2
Kitchen and Waitresses—					
Total.....	39	33	1	2	3
Male.....	9	3	1	2	3
Female.....	30	30			

JAS. A. OGILVY'S LIMITED
MEN'S CLOTHING—DEPARTMENT No. 24—EXAMPLES OF PRICE SPREADS

PRICE SPREADS AND MASS BUYING

3671

Invoice Date	Quantity	Description of Article	Invoice Price per Unit	Sales Tax	Freight and Express	Cash Discount	Total Cost	Initial Unit Selling Price	Initial Mark-up	
									Amount	Percentage to Cost
			\$	\$	\$	\$	\$	\$	\$	%
Oct. 10, 1933	6	Overcoats.....	19 00	0.95	.....	.....	19.95	45 00	25 05	125.6
Oct. 25, 1933	25	Usters.....	16.00	.....	.....	.....	16.00	35 00	19 00	118.7
Sept. 11, 1933	10	Overcoats.....	17.00	0.85	.....	.....	17.85	35 00	17.15	96.1
Sept. 28, 1933	6	Overcoats.....	17 00	0.85	.....	.....	17.85	45 00	27.15	152.1
	12	Overcoats.....	25.00	1.25	.....	.....	26.25	45 00	18.75	71.4
July 5, 1933	25	Men's Pants.....	2.45	0.15	.....	.....	2.60	4.95	2.35	90.4
Sept. 6, 1933	32	Topcoats.....	13 00	0.65	.....	.....	13.65	25 00	11.35	83.1
Mar. 13, 1933	5	Topcoats.....	8.50	0.43	.....	.....	8.93	15 00	6.07	68.0
	10	Topcoats.....	7 50	0.38	.....	.....	7.88	15 00	7.12	90.4
June 23, 1933	42	White Trousers.....	3 15	0.19	.....	.....	3.34	5.95	2.61	78.1
Oct. 6, 1933	5	Overcoats.....	12.35	0.74	.....	.....	13.09	25 00	11.91	91.0
	3	Overcoats.....	14 00	0.84	.....	.....	14.84	25 00	10.16	68.4
	1	Overcoats.....	11.50	0.69	.....	.....	12.19	25 00	12.81	105.1
	2	Overcoats.....	15.70	0.94	.....	.....	16.64	25 00	8.36	50.2
Mar. 20, 1933	10	4 piece Suits.....	23 00	.....	.....	.....	23 00	35 00	12 00	52.2
	20	4 piece Suits.....	19 00	.....	.....	.....	19 00	35 00	16 00	84.2
Oct. 23, 1933	15	Overcoats.....	25 00	1.25	.....	.....	26.25	45 00	18.75	71.4
Feb. 24, 1933	11	Topcoats.....	14 00	0.70	.....	.....	14.70	25 00	10.30	70.1
Feb. 23, 1933	19	Topcoats.....	14 00	0.70	.....	.....	14.70	25 00	10.30	70.1
Feb. 24, 1933	9	Topcoats.....	14 00	0.70	.....	.....	14.70	25 00	10.30	70.1
Oct. 6, 1933	15	Overcoats.....	31 00	1.55	.....	.....	32.55	55 00	22.45	69.0
Aug. 22, 1933	17	4 piece Suits.....	14 00	0.84	.....	.....	14.84	25 00	10.16	68.5
Oct. 19, 1933	38	Overcoats.....	11.66	.....	.....	.....	11.66	19.50	7.84	67.2
April 7, 1933	43	Topcoats.....	9.25	0.56	.....	.....	9.81	15 00	5.19	52.9
	18	Topcoats.....	12.50	0.75	.....	.....	13.25	25 00	11.75	88.7
	1	Topcoats.....	12 00	0.72	.....	.....	12.72	27 50	14.78	116.2
Sept. 15, 1933	14	Only Coats.....	5 00	0.25	0.07	.....	5.32	8.95	3.63	68.2
	1	Only Coats.....	5 50	0.28	0.08	.....	5.86	8.95	3.09	52.7

JAS. A. OGILVY'S LIMITED
LADIES' DRESSES—DEPARTMENT No. 28—EXAMPLES OF PRICE SPREADS

Invoice Date	Quantity	Description of Article	Invoice Price per Unit	Sales Tax	Freight and Express	Cash Discount	Total Cost	Initial Unit Selling Price	Initial Mark-up	
									Amount	Percentage to Cost
			\$	\$	\$	\$	\$	\$	\$	%
Nov. 24, 1933	6	Dresses.....	7.50	0.45	.....	0.16	7.79	19.75	11.96	153.5
April 29, 1933	18	Dresses.....	4.50	0.22	0.04	.....	4.76	9.95	5.19	109.0
	14	Dresses.....	5.50	0.27	0.04	.....	5.81	9.95	4.14	71.2
Nov. 13, 1933	12	Dresses.....	6.50	0.32	0.04	.....	6.86	12.75	5.89	85.8
	4	Hostess Dresses.....	6.75	0.40	.....	0.14	7.01	12.95	5.94	84.7
	12	Sand Crepes.....	5.25	0.31	.....	0.10	5.46	12.95	7.49	137.2
May 29, 1933	3	Dresses.....	3.50	0.17	.....	0.07	3.60	7.95	4.35	120.8
Sept. 6, 1933	5	Dresses.....	8.50	0.40	0.07	.....	8.79	19.75	10.95	124.7
	4	Dresses.....	9.25	0.44	0.07	.....	9.57	19.75	10.18	106.4
	2	Dresses.....	15.00	0.71	0.07	.....	15.47	29.75	14.28	92.3
	4	Dresses.....	8.50	0.40	0.07	.....	8.79	19.75	10.96	124.7
	4	Dresses.....	9.75	0.46	0.07	.....	10.08	19.75	9.67	95.9
Jan. 4, 1934	32	Dresses.....	4.75	0.22	.....	0.10	4.87	9.95	5.08	104.3
April 18, 1933	36	Dresses.....	3.75	0.22	.....	0.08	3.89	7.95	4.06	104.4
June 19, 1933	14	Print Dresses.....	3.75	0.22	.....	0.07	3.90	5.95	2.05	52.5
	4	Chiffon Dresses.....	4.75	0.28	.....	0.09	4.94	9.95	5.01	101.4
Mar. 22, 1933	28	Sand Crepe Dresses.....	4.25	0.25	.....	0.08	4.42	9.95	5.53	125.1
May 3, 1933	50	Assorted Dresses.....	4.75	0.28	.....	0.09	4.94	9.95	5.01	101.4
	16	Dresses.....	6.75	.....	0.05	0.11	6.69	12.75	6.06	90.6
June 16, 1933	1	Dresses.....	9.75	.....	0.05	0.20	9.60	19.75	10.15	105.7
June 2, 1933	120	Voile Dresses.....	5.00	0.30	.....	0.10	5.20	9.95	4.75	91.3
	60	Organdy Plaid Dresses.....	2.00	0.12	.....	0.01	2.08	3.95	1.87	89.9
May 10, 1933	39	Print Dresses.....	3.10	0.18	.....	0.06	3.12	5.95	2.83	90.7
Dec. 6, 1933	6	Dresses.....	9.75	0.48	.....	0.06	3.22	5.95	2.73	84.8
	3	Dresses.....	12.75	0.63	.....	0.19	10.04	19.75	9.71	96.7
	3	Dresses.....	9.75	0.48	.....	0.25	13.13	25.00	11.87	90.4
May 12, 1933	150	Dresses.....	1.54	0.09	.....	0.19	10.04	15.00	4.96	49.4
						0.03	1.60	2.95	1.35	84.3

JAS. A. OGILVY'S LIMITED
UNDERWEAR—DEPARTMENT No. 33—EXAMPLES OF PRICE SPREADS

Invoice Date	Quantity	Description of Article	Invoice Price per Unit	Sales Tax	Freight and Express	Cash Discount	Total Cost	Initial Unit Selling Price	Initial Mark-up	
									Amount	Percentage to Cost
	doz.		\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	%
July 28, 1933	$1\frac{1}{2}$	Pink.....	per doz.		0.45	0.15	15.30	35.40	20.10	131.4
	$1\frac{1}{2}$	Pink.....	15.00		0.45	0.15	15.30	23.40	8.10	52.9
June 15, 1933	4	White.....	4.50	0.27	0.08	0.09	4.76	8.28	3.52	73.9
	6	White.....	2.10	0.13	0.08	0.04	2.27	3.48	1.21	53.3
	$1\frac{1}{2}$	White.....	5.25	0.32	0.08	0.11	5.54	9.48	3.94	71.1
	$4\frac{1}{2}$	White.....	3.75	0.23	0.08	0.08	3.98	8.28	4.30	108.0
	$1\frac{1}{2}$	White.....	14.00	0.84	0.08	0.30	14.62	23.56	8.94	61.1
	7	Apricot.....	3.75	0.23	0.08	0.08	3.98	8.28	4.30	108.0
June 6, 1933	2	Apricot.....	4.50	0.27	0.08	0.09	4.76	8.28	3.52	73.9
	$1\frac{1}{2}$	Pink.....	15.00		0.18	0.15	15.03	23.40	8.37	55.7
	$1\frac{1}{2}$	Pink.....	21.50		0.18	0.22	21.46	35.40	13.94	65.0
	$1\frac{1}{2}$	Pink.....	25.00		0.18	0.25	24.93	42.00	17.07	68.5
	11	Pink.....	18.00		0.18	0.18	18.00	35.76	17.76	98.7
	$1\frac{1}{2}$	White.....	18.00		0.18	0.18	18.00	35.76	17.76	98.7
	$1\frac{1}{2}$	Pink.....	21.50		0.18	0.22	21.46	42.00	20.54	95.7
	$1\frac{1}{2}$	White.....	21.50		0.18	0.22	21.46	42.00	20.54	95.7
Oct. 14, 1933	15	Vests.....	5.00	0.30	0.06		5.36	9.48	4.12	76.8
	30	Drawers.....	5.00	0.30	0.06		5.36	9.48	4.12	76.8
June 16, 1933	9	Drawers.....	7.25	0.44	0.14	0.15	7.68	11.76	4.08	53.1
	10	Vests.....	6.00	0.36	0.14	0.13	6.37	11.76	5.39	84.6
Mar. 15, 1933	$13\frac{1}{2}$	Panties.....	10.50	0.63	0.08	0.21	11.00	18.00	7.00	63.6
	$3\frac{1}{2}$	Panties.....	7.25	0.44	0.08	0.15	7.62	12.00	4.38	57.5
	2	Panties.....	8.75	0.53	0.08	0.18	9.18	15.00	5.82	63.4
	3	Panties.....	10.50	0.63	0.20	0.21	11.12	18.00	6.88	61.9
Jan. 9, 1934	$1\frac{1}{2}$	Panties.....	7.25	0.44	0.20	0.15	7.74	12.00	4.26	55.0
	$4\frac{1}{2}$	Panties.....	8.75	0.53	0.20	0.18	9.30	15.00	5.70	61.3

JAS. A. OGILVY'S LIMITED
SHOES—DEPARTMENT No. 37—EXAMPLES OF PRICE SPREADS

Invoice Date	Quantity	Description of Article	Invoice Price per Unit	Sales Tax	Freight and Express	Cash Discount	Total Cost	Initial Unit Selling Price	Initial Mark-up	
									Amount	Percentage to Cost
			\$	\$	\$	\$	\$	\$	\$	%
Jan. 30, 1933	32	Black Kid Stepin.....	2.75	0.08	.....	0.09	2.74	8.50	5.76	210.2
	23	Black Kid Pump.....	2.75	0.08	.....	0.09	2.74	10.00	7.26	264.9
Sept. 27, 1933	83	Brown Kid Shoes.....	3.55	0.18	.....	.....	3.73	7.50	3.77	101.1
Mar. 9, 1933	50	Black Kid Pump.....	3.00	0.09	0.01	.....	3.10	6.00	2.90	93.5
	22	Brown Kid Pump.....	3.10	0.09	0.01	.....	3.20	6.00	2.80	87.5
	23	Blue Kid Pump.....	3.20	0.10	0.01	.....	3.31	6.00	2.69	81.3
Feb. 13, 1933	36	Brown Kid Tie Shoe.....	3.20	0.10	.....	.....	3.30	6.00	2.70	81.8
Mar. 8, 1933	90	Calf Shoes.....	1.60	0.05	0.01	.....	1.66	2.97	1.31	78.9
Sept. 29, 1933	167	Suede and Kid Shoes.....	3.55	0.17	.....	.....	3.72	6.00	2.28	61.3
	62	Black Kid Shoes.....	3.55	0.17	.....	.....	3.72	7.50	3.78	101.6
Dec. 6, 1933	417	Slippers, Kid.....	0.70	0.04	.....	0.01	0.73	1.19	0.46	63.0
June 10, 1933	34	Women's White Suede.....	1.35	0.08	.....	.....	1.43	1.99	0.56	39.1
	9	Women's White Suede.....	3.25	0.20	.....	.....	3.45	7.50	4.05	117.4
	35	Women's White Elk.....	1.80	0.11	.....	.....	1.91	2.97	1.06	55.5
Jan. 3, 1933	166	Women's Shoes.....	3.00	0.18	.....	0.06	3.12	4.99	1.87	59.9
Sept. 15, 1933	94	Suede 4 Eyelet Shoes.....	3.65	0.13	.....	.....	3.83	7.50	3.67	95.8
Mar. 16, 1933	64	Novelty Pumps.....	4.10	0.12	.....	0.13	4.09	8.50	4.41	107.8
Mar. 16, 1933	120	Brown Shoes.....	1.60	0.05	0.01	.....	1.66	2.97	1.31	78.9
May 12, 1933	54	Elk Shoes.....	2.65	0.16	.....	.....	2.81	4.95	2.14	76.1
Aug. 14, 1933	90	Black Patent Shoes.....	2.90	0.14	.....	.....	3.04	5.00	1.96	64.4
Aug. 11, 1933	92	Suede Shoes.....	2.43	0.14	.....	.....	2.57	4.00	1.43	55.6

By Mr. Sommerville:

Q. Will you just proceed with Ogilvy's?—A. James A. Ogilvy's, Limited: This business was established in 1866 and was bought by its present owners in 1928. It is a privately owned company and there are no outside shareholders. Sales for the past ten years have been as follows:—

Year ending 31st January—

1925..	\$2,069,160
1926..	1,994,894
1927..	2,121,779
1928..	2,284,299
1929..	2,570,757
1930..	3,182,224
1931..	3,041,195
1932..	2,959,676
1933..	2,368,246
1934..	2,401,914

With regard to employees' remuneration, a commission of one-half per cent and in some cases one per cent of sales is paid in addition to regular wages, and certain bonuses are occasionally paid also.

Statement No. 1 shows the results of an analysis of the pay-roll of January 7, 1934, after adding to the basic wage rate the average weekly commission earned by each employee in January. In this connection it should be noted that the volume of sales in the month of January is considerably lower than in some other months of the year and the commissions earned in that month, therefore, would be lower than those of some other months.

Mr. YOUNG: These are weekly rates, not monthly.

Mr. SOMMERVILLE: Yes.

The WITNESS: The minimum wage for inexperienced juniors is \$7.20. The present management has been operating the business since 1930 and during that time, due to difficult business conditions, no definite arrangements have been decided upon with regard to many features of employment benefits, insurance, pensions, and items of that nature.

The policy with regard to holidays has varied. In 1933, all those with over two years' service and seniors with over six months' service received one week's holiday with pay. In the previous two years all employees received one day's holiday with pay for each month of service, with a maximum of 12 days. All regular members of the staff, both full and part time, are paid for all legal or special holidays.

Bonuses have not been paid since 1930, but in that and prior years they ranged from \$10 to one day's pay for each completed year of service. In special sales events, which are held from time to time, bonuses are sometimes given or holidays granted with pay.

A discount of 10 per cent is granted to employees on substantially all purchases and the management has calculated that in the year 1933 these discounts were the equivalent of approximately 35 cents to 40 cents per week to a person earning \$12 per week.

Statement No. 3 is a statement of gross profits, cost of sales and mark-ups of some of the departments.

By Mr. Sommerville:

Q. Take women's dresses?—A. 42.3 per cent maintained mark-up.

Q. We have here an illustration which we have not had in the others, which is rather interesting. In this case you have the percentage of the initial mark-ups?—A. The percentage of initial mark-ups and the percentage of gross profit to cost of sales.

Q. What is the amount in the case of dresses?—A. Women's dress, 42.3 per cent.

Q. That is maintained?—A. Maintained.

Q. What about the initial?—A. 68·8 per cent.

Q. And the amount of mark-down?—A. 25·6 per cent.

Q. On that department?—A. Yes.

By Mr. Young:

Q. Is this the regular policy, or did they do that because they could not sell at that initial mark-up?—A. It is what every store does, but it happens that this is the only statement on which it is shown, on which the amount of mark-down is shown.

Mr. KENNEDY (*Peace River*): The mark-down is big in this case.

Mr. SOMMERVILLE: Yes, very large.

By Mr. Young:

Q. You mean that they all mark them up and mark them down again?—A. The percentages of initial mark-up that we have been showing you, the percentages of mark-up that you have been having, are the maintained mark-ups of each department after taking care of workroom wages, shortages and mark-downs for various reasons.

Mr. SOMMERVILLE: We had evidence from some other stores that the mark-down in one case was 9 per cent over the whole year, for the whole store; in another case the mark-down was 4½ per cent.

Mr. YOUNG: We thought that was because they could not sell the goods and they reduced the price; but apparently it is marked up with the deliberate purpose of marking it down.

The WITNESS: No.

Mr. SOMMERVILLE: Oh, no.

Mr. FACTOR: It just happens to be.

Mr. SOMMERVILLE: They mark them up at a certain price originally. They carry them for a certain length of time at that mark-up and then reduce them, and this is taking into consideration all the reductions that take place.

The WITNESS: Yes.

Mr. YOUNG: I understand.

By Mr. Sommerville:

Q. And as was stated, in seasonal goods or fashionable goods, there is a greater variation?—A. Yes.

Q. Or a greater mark-down than in standard goods?—A. Yes.

Mr. NASH: If I may interrupt, I think in both Eaton's and Simpson's cases, Mr. Young, it showed that we could not follow to the last unit of the order to get the full mark-down. They buy 100 dresses and they will sell 75 at the original mark-up; they mark them down and sell 15 the first time, and they have got 10 left. Then they mark them down a second time, and then they have 5 left. Then they mark them down a third time and clear them out.

Mr. YOUNG: You never got such mark-downs as these.

Mr. SOMMERVILLE: No.

Mr. FACTOR: You never got a record of mark-downs such as these.

By Mr. Sommerville:

Q. The next is women's coats?—A. 61·5 per cent was the initial mark-up; the maintained mark-up was 42·3 per cent.

Q. And the mark-down was what?—A. 19·2 per cent.

Q. Take, for instance, the men's clothing?—A. Men's clothing, 68·2 per cent initial mark-up; mark-down, 20·3 per cent; maintained, 47·9 per cent.

Q. Boys' clothing?—A. Boys' clothing, initial mark-up 63·8 per cent; mark-down, 8·9 per cent; maintained, 54·9 per cent.

Q. There is not the same variation in boys' clothing. Take hardware.—A. Hardware, 52·5 per cent initial mark-up; 8·9 per cent mark-down and 43·6 per cent maintained.

Q. And lingerie, at the bottom?—A. Lingerie, 64·3 per cent initial mark-up; mark-down, 7·3 per cent; maintained, 57 per cent.

By Mr. Young:

Q. Do you know if this firm buys direct from the manufacturer, or does it deal through wholesalers?—A. I don't know. There was no report made of any different practice from what we found in the others.

Mr. SOMMERVILLE: Oh, from the manufacturers.

By Mr. Sommerville:

Q. You have got some examples of price spreads?—A. Examples of price spreads statements are Nos. 6, 7, 8 and 9.

Q. Underwear runs from?—A. Underwear runs from 131 per cent down to 52·9 per cent.

Q. And the maintained mark-up is what?—A. 54·8 per cent.

Q. The next one is shoes?—A. Shoes run from 264·9 per cent down to 39·1 per cent. The maintained is 50·03 per cent.

Q. And men's clothing?—A. Men's clothing runs from 152·1 per cent, the highest, down to 50·2.

Q. And the maintained?—A. The maintained mark-up of the department, 47·9 per cent.

Q. And in the case of ladies' dresses?—A. In the case of ladies' dresses, a high of 153·5 per cent and a low of 49·4 per cent; maintained, 42·3 per cent.

Q. And you have the wage scale?—A. Yes, No. 1.

By the Acting Chairman (Mr. Kennedy, Winnipeg):

Q. There must be something wrong there, when the high is 153 per cent and the low is 49 per cent, to have the maintained at 42 per cent?—A. Those are the initial mark-ups. The goods are bought to sell at that, but they have to be written down the longer they are in stock.

By Mr. Sommerville:

Q. You have here a summary of staff wages?—A. Yes. Total regular staff—this is from the pay-roll of 7th January, 1934—of 425. Of them, 173 were males and 252 females. They are divided into sales help, work-rooms, office, kitchen and waitresses. They are again divided as follows: Under \$12; \$12 to \$15; \$15 to \$18, and \$18 and over.

Q. How many are there getting \$18 and over?—A. Getting \$18 and over there are 81 men out of 173, and 26 women out of 252.

Q. And how many employees getting from \$15 to \$18?—A. Getting from \$15 to \$18, 39 men and 38 women; from \$12 to \$15, 29 men and 53 women; and under \$12, 24 men and 135 women.

Q. That is a total of 173 men and 252 women?—A. Yes.

Q. 425 altogether on the regular staff?—A. Yes, on the regular staff.

Q. All right, thank you.

Mr. FACTOR: Does this finish the department stores?

Mr. SOMMERVILLE: Yes.

The ACTING CHAIRMAN: We will adjourn until 3.30 p.m.

The committee adjourned at 12.55 p.m., to meet again at 3.30 p.m.

AFTERNOON SESSION

The committee resumed at 3.30 p.m.

J. GRANT GLASSCO, recalled.

By Mr. Sommerville:

Q. Mr. Glassco, at the request of the Committee you enquired into certain shoe factories in the Province of Quebec?—A. Yes.

Q. And there were eight of them that you enquired into?—A. Yes.

Q. And these are shoe factories that supply shoes to departmental stores?—A. Yes.

Q. And you found their names in what way?—A. By following back the merchandise advertised by the departmental stores, and by examination of the price spreads statements which were prepared by the investigators in these stores.

Q. That is, with the advertisement of the departmental stores you ascertained at the departmental store who made these shoes?—A. Yes, sir.

Q. And then you followed that back into the factories where they were made?—A. Yes, sir.

Q. And in all cases you made an examination of these particular eight factories that did supply shoes to the departmental stores that were so advertised?—A. Yes, sir.

Q. And these included the largest departmental stores?—A. Yes, sir.

By Mr. Heaps:

Q. Do these firms specialize in manufacturing for departmental stores only?—A. Some of them do, some of them supply practically all of their output to departmental stores, others do a more general business.

Mr. SOMMERVILLE: I think we will find that as we examine each one.

By Mr. Factor:

Q. Does this investigation include the shoe manufacturers of Ontario, or just Quebec?—A. Just Quebec.

Q. Do not department stores get shoes from Ontario factories as well as those in Quebec?—A. To a certain extent, but I believe the majority are made in Quebec.

By Mr. Sommerville:

Q. In connection with this you have a memorandum. I am going to ask you, there are only eight firms enquired into, to take them by letter and not by name?—A. Yes.

Q. We will take this first one, we will refer to it as Company A?—A. This company was incorporated under Quebec charter in June of 1932. It commenced business as manufacturers of low-priced women's shoes about October, 1932.

By Mr. Heaps:

Q. Might I ask at this point, Mr. Chairman, if there is a minimum wage regulation covering the shoe industry in the Province of Quebec?—A. There is.

Q. Perhaps at this stage it might be well to deal with that particular phase of the matter?

The CHAIRMAN: Might I interject: Mr. Boulanger calls my attention to an announcement which affects what we were going over this morning. A change has been made in the Minimum Wage Law in the Province of Quebec which provides that the Minimum Wage in commercial establishments for inexperienced help shall be \$7 a week for less than six months; \$8 a week from six to twelve months; \$9.50 from twelve to eighteen months; \$11 a week from eighteen to twenty-four months, and \$12.50 minimum for over 24 months.

Mr. HEAPS: How does that compare with Ontario?—A. Slightly lower, particularly in outlying districts such as Hull, Three Rivers, and Quebec.

Mr. BOULANGER: They have three classes.

The CHAIRMAN: Yes, this is in the second class—Quebec, Three Rivers and Hull; in the smaller villages and towns, Chicoutimi, Joliette, Levis, Valleyfield, Shawinigan Falls, Sorel, St. Hyacinthe, Thetford Mines, etc., is a \$10 minimum wage with the usual allowances.

Mr. HEAPS: That provides a minimum of \$10 after two years?

The CHAIRMAN: Yes, that is in the smaller districts. In Montreal it is \$12.50 in commercial establishments.

The WITNESS: The Company has an authorized capital of five hundred preferred shares having a par value of \$100 each, and four thousand nine hundred common shares, having a par value of \$10 each, with approximately \$38,000 of the capital paid up. The working capital appears to be sufficient for current purposes and operations since incorporation have resulted in small profits.

By Mr. Sommerville:

Q. The company's net worth?—A. Is approximately \$30,000. The company sells to departmental stores, jobbers, chain store organizations and to a limited extent to small retailers. During the first nine months of operations twenty-three per cent of total sales were made to departmental stores and in the succeeding year 13·94 per cent. Do you wish me to refer to customers by name?

Q. No, you refer to two department stores?

The CHAIRMAN: In Toronto.

Mr. YOUNG: Perhaps you had better give us the town in which the factory is located and then we will all be on the same footing. The two departmental stores which are the largest customers purchased approximately \$33,000 in 1933 and \$28,000 in 1934.

An attempt was made to determine to what extent the departmental stores enjoyed a price advantage over other retailers but the company's officials stated that they had been requested by their larger customers not to supply competitors with similar lines.

As is the case in other shoe companies examined, although the company makes but few standard lines, there may be slight variations in shoes manufactured for a particular customer which alter the cost to some extent either up or down, and render comparisons extremely difficult.

The legal minimum rates of pay applicable to female workers at the point involved are as follows:—

	Per Week	Per Hour
Working Week—48 hours		
Experienced workers, having over 24 months' experience at the trade.. ..	\$9 00	18·7c.
Apprentices—		
First period of six months.. .. .	6 00	12·5c.
Second period of six months.. .. .	6 50	13·5c.
Third period of six months.. .. .	7 00	14·5c.
Fourth period of six months.. .. .	8 00	16·6c.

By Mr. Sommerville:

Q. That is a working week of forty-eight hours?—A. A working week of forty-eight hours.

Q. I thought it was fifty-five hours in certain outlying districts?—A. That is in the clothing trade and other trades, the shoe trade is uniform.

Q. As to minimum rates—perhaps we had better get that for the whole of the province and then deal with it as it applies to this particular territory?—A. I will just give you the minimum rates for the whole of the province. They are in three scales. The first applies to the City and Island of Montreal and a radius of ten miles around and beyond the Island.

Q. And that is \$7 for the first six months?—A. And \$8 for the second, \$9 for the third, \$10 for the fourth six months, and \$11 for experienced workers for any with over twenty-four months' experience.

Q. Now, outside of the city of Montreal in town?—A. The first division is for towns having a population exceeding 6,000 people; apprentice is paid \$6 for the first six months, \$7 for the second, \$8 for the third, and \$9 for the fourth period of six months, and \$10 after two years' experience.

By Mr. Heaps:

Q. They are not paid a weekly rate are they, so many hours a week?—A. The minimum rate for an experienced worker is \$10 for a week of forty-eight hours.

Q. But where an experienced worker only works three days out of six, she would only receive pay for the three days, she would not receive the amount of the full minimum?—A. It would be pro rata.

The CHAIRMAN: Of course we have all these rates on file, and the new rates are set forth here. This particular company pays the scale of \$9 to inexperienced workers, apprentices \$6 the first six months, then \$7 and \$8 for the various periods of apprenticeship.

Q. For a fully experienced worker the minimum wage with this company would be \$9 a week?—A. Yes.

Q. Or 18·7 cents per hour.

By Mr. Factor:

Q. You say, this company pays; you mean, this company should pay, rather than paid?—A. Yes.

By Mr. Sommerville:

Q. Apprentices for the first period would get 12½ cents an hour?—A. They should.

Q. For the second six months they should get 13½ cents an hour?—A. Yes.

Q. And for the third they should get 14½?—A. Yes.

Q. And for the fourth period they should get 16·6 cents an hour?—A. Yes. The company commenced manufacturing operations about the 1st October, 1932, employing local inexperienced operators. From the commencement of manufacturing to the end of 1933 all female employees were paid at the rate of 10 cents per hour.

Q. 10 cents per hour, although the minimum for the first six months of apprenticeship was $12\frac{1}{2}$ cents per hour?—A. Yes, sir.

Mr. HEAPS: Have you any idea how long it takes one of these girls to become experienced?

Mr. SOMMERVILLE: That does not come in, it is covered by the Act which states that for the first six months the pay shall be 12·5 cents per hour, the second six months 13·5 cents per hour, the third six months 14·5 cents per hour and the fourth six months, 16·5 cents per hour.

Mr. HEAPS: It makes this difference, it is possible by the mechanical nature of some operations to become experienced in a very short time in a particular trade.

Mr. SOMMERVILLE: Quite.

The CHAIRMAN: Of course, that is a question to be dealt with by the administrators of the Minimum Wage Law. There is the law. The question now is, are they complying with that law, even though that law may be unsatisfactory as it stands.

The WITNESS: At the beginning of 1933 all female operators (with the exception of polishers) were paid on an efficiency piece-work basis.

By Mr. Sommerville:

Q. An efficiency piece-work basis?—A. Perhaps if I go on, Mr. Sommerville. This system was introduced by an industrial engineer and designed to allow an operator of 100 per cent efficiency to earn slightly more than the minimum wage, according to her experience, under the Minimum Wage Act of Quebec.

Q. At any rate, starting out at 10 cents an hour as a flat rate for everybody, they then commenced to put on an efficiency piece-work basis as the result of the advice of the industrial engineer?—A. Yes, sir.

Q. And has that worked out to pay them more or less than 10 cents an hour?—A. I believe it has worked out to pay the inexperienced workers less than 10 cents an hour.

Due to the short period that the company has been in operation and to the fact that all operations were started with inexperienced workers, the comparison of wages paid to females was restricted to the following:—

- (a) A comparison of the rates paid to operators under six months' experience for corresponding weeks in 1933 and 1934.
- (b) A comparison of the rates paid to operators over six months' and under twelve months' experience for 1933 and 1934. This comparison does not cover corresponding weeks due to the accumulation of experience.

That is statement No. S-1.

Mr. SOMMERVILLE: That will go in at this point.

STATEMENT No. S-1

SHOE MANUFACTURER "A"
COMPARISON OF WAGES OF FEMALE EMPLOYEES

Operator No.	Three Weeks ended 27th April, 1933										Operator No.	Three Weeks ended 30th April, 1934
	1st week		2nd week		3rd week		Average		Average Hourly Rate	(cents)		
	Hours	Wages	Hours	Wages	Hours	Wages	Hours	Wages				
		\$ cts.		\$ cts.		\$ cts.		\$ cts.				
Less than six months' experience—	40	4.00	33½	3.33	45	4.50	39½	3.94	10	8.02		
	45	4.50	33½	3.33	45	4.50	41	4.11	10	7.73		
	45	4.50	40	4.00	45	4.50	43½	4.33	10	9.85		
	45	4.50	40	4.00	42½	4.25	42½	4.25	10	6.80		
	45	4.50	40	4.00	45	4.50	43½	4.33	10	9.61		
	37½	3.75	20	2.00	45	4.50	34.2	3.42	10	12.50		
Operator No.	Three weeks ended 26th August, 1933										Operator No.	Three Weeks ended 30th April, 1934
	1st week		2nd week		3rd week		Average		Average Hourly Rate	(cents)		
	Hours	Wages	Hours	Wages	Hours	Wages	Hours	Wages				
		\$ cts.		\$ cts.		\$ cts.		\$ cts.				
Over 6 and under 12 months' experience—	49	4.90	51	5.10	46½	4.65	48.8	4.88	10	11.60		
	44½	4.45	53	5.30	44	4.40	47.2	4.72	10	11.70		
	49	4.90	53	5.30	55	5.50	52½	5.23	10	10.73		
	49	4.90	55	5.50	55	5.50	53	5.30	10	8.77		
	49	4.90	55	5.50	55	5.50	53	5.30	10	13.89		
	49	4.90	55	5.50	55	5.50	53	5.30	10	13.69		
	49	4.90	49	4.90	40	4.00	46	4.60	10	14.02		
	49	4.90	49	4.90	40	4.00	46	4.60	10	14.17		
	49	4.90	49	4.90	37½	3.75	45.2	4.52	10	.....	

The WITNESS: The same operators that are numbered 1 to 6 on the top part of this schedule are shown earning 10 cents an hour for the 3-week period ending 27th April, 1933.

The second part of the statement shows, for the three weeks ended 26th August, 1933, those same operators again still earning 10 cents an hour with the addition of several more; and in the last column are shown the wages paid to the operators in the same department and presumably upon the same operations after the introduction of the piece-work system.

Operator No. 10 had an average hourly rate of 8·02 cents.

Operator No. 11, for 3 weeks ended 30th April, 1934, earned an average of 7·73 cents.

Operator No. 12 earned 9·85 cents per hour.

Operator No. 13 earned 6·80 cents per hour.

Operator No. 14 earned 9·61 cents per hour.

Operator No. 15 earned 12·50 cents per hour.

Mr. HEAPS: What percentage earned the minimum wage according to the length of time they had been there?

Mr. SOMMERVILLE: I think that will be developed as we go along.

By Mr. Sommerville:

Q. In any event, in statement S-1, you have 5 of these 6 operators earning less than the minimum?—A. Yes.

Mr. FACTOR: They all earned less than the minimum.

The WITNESS: No, 12½ cents is the minimum.

Mr. SOMMERVILLE: This is the hourly rate. The hourly rate for one was 8·02; for another 7·73; for another 9·85; for another 6·80; for another 9·61.

Mr. HEAPS: When they were making 12½ cents how long had they been in the employ of the company?

Mr. SOMMERVILLE: This is the first six months.

The WITNESS: They might have had as much as a year's experience.

Mr. HEAPS: Then she is getting less than the minimum.

The WITNESS: Perhaps I had better answer Mr. Heaps' question. Of the female employees employed by this company 96 per cent are paid less than the minimum wage in April, 1934.

Mr. HEAPS: But in this particular case where you said they were getting the minimum they were not.

The CHAIRMAN: She was getting the minimum pay for an apprentice in the first six months, Operator No. 15, and that was the highest one of the 6.

By Mr. Sommerville:

Q. Then for the three weeks ended 26th August, 1933, the hourly rate of these 6 same employees is 10 cents an hour.—A. Is still 10 cents an hour.

Q. Although at that time they were entitled to 13½ cents an hour?—A. Yes.

Mr. HEAPS: It may have been the third six months.

The WITNESS: They commenced operations in October, 1932; they were on the second period.

Mr. HEAPS: What date does this apply to now?

Mr. SOMMERVILLE: August, 1933.

The WITNESS: Then taking them in April, 1934, Operators doing the same work rate as follows:—

No. 16 received 11·60 cents an hour.

No. 17 received 11·70.

No. 18 received 10·73 cents an hour.

No. 19 received 8·77 cents an hour.

No. 20 received 13·89 cents an hour.

No. 21 received 13·69 cents an hour.

No. 22 received 14·02 cents an hour.

No. 23 received 14·01 cents an hour.

Mr. FACTOR: That is all below the minimum wage scale.

Mr. HEAPS: Except one.

The WITNESS: The difficulty of determining just what the infraction is is not having comparable employees. There is a certain turnover but the experience is not at all comparable; we took the same operation where we could.

By Mr. Factor:

Q. Do they keep on changing their employees taking on mostly inexperienced help?—A. The turnover is not so heavy in this plant.

The CHAIRMAN: In any case, Mr. Factor, in that second list the one receiving the highest—14·17—is receiving less than the minimum wage for the second 6 months apprentice.

The WITNESS: A third six months, sir.

By the Chairman:

Q. A third?—A. Yes. The third period she should receive 14½ cents.

Q. And she was receiving 14·17?—A. Less than the rate for the third, but slightly more than the rate for the second six months.

By Mr. Sommerville:

Q. Operators 1 to 6 that you have set out in statement S-1, in the top part of the schedule, the same six operators are numbered 1 to 6 in the lower part of the schedule?—A. Yes.

Q. The first being for six months and under twelve months experience?—A. Yes.

Q. And you have also added there 9 operators who were over 6 and under 12 months experience?—A. Yes, sir.

Q. And that indicates that they are still getting 10 cents an hour?—A. Yes, sir.

Q. But then by way of comparison, the two last columns on the right hand side of statement S-1 compare the rates for the three weeks ended April 30, 1934, for 6 other operators?—A. Yes, sir.

Q. Not the same as the original?—A. 6 operators doing the same work.

Q. The same kind of work?—A. The same kind of work, yes.

Q. And over the 3-week period ended the 30th April, 1934, which is 18 months after the company commenced operations, the lower list of 8 operators shows the wages received?—A. Yes.

Q. And if it is in the third period of the 8 persons chosen only one has obtained the minimum wage.

Mr. FACTOR: Not even one.

By Mr. Kennedy (Winnipeg):

Q. But you do not know whether those operators are in the third period or not?—A. Yes, I think they all are, sir.

Mr. HEAPS: Would not they be in the fourth then if that is the case?

Mr. KENNEDY (Winnipeg): Can the witness tell?

By Mr. Factor:

Q. Tell us when they were engaged, that is, operators 1 to 6?—A. Well, operators 1 to 6 were all in the first six months; what we want are operators 10 to 15. In the outside column of the top part of the schedule the operators are less than six months experience. In order to get the hourly rates of workers having the same experience we have to take different operators because in April the first lot had passed out of that experienced category.

Q. Take operator 23?—A. Operator 23 had over 6 and under 12 months experience.

Q. When was operator 23 engaged, October, 1932?—A. No, sir.

By Mr. Kennedy (Winnipeg):

Q. Take the column operators 16 to 23, what about them?—A. They are all over 6 and under 12 months experience.

Q. Well, that is different from what was stated before?—A. They are in the second period. I was mistaken.

Q. And as operators in the second period under the minimum wage law what should they have got per hour?—A. $13\frac{1}{2}$ cents.

Q. So then there are four who are getting less than called for by the law?—A. Yes, sir.

Q. Out of the 8?—A. Yes.

By Mr. Heaps:

Q. Another point here, Mr. Glasco, in your table you say there is a 48-hour week in effect there?—A. Yes, sir.

Q. Many of them here worked 55 hours per week, in fact the second week it shows everybody worked more than 48 hours?—A. The Act says, Mr. Heaps, that the working period for which these minimum wages shall be paid shall be 48 hours per week, and a definition of the length of the week enables you to determine the effect of the hourly rate.

Q. Is there any provision there respecting overtime?

MR. SOMMERVILLE: Yes, they may work up to 55 hours, in which event they would be paid for everything over 48 hours. This was 10 cents an hour they were being paid.

THE WITNESS: They started on a time basis and then when they put in their piece-work system it became piece-work for most operators.

By Mr. Sommerville:

Q. I think an examination of the next schedule with your narrative will further illustrate the point raised by Mr. Heaps?—A. Yes.

By the Chairman:

Q. Was there any evidence to show that these girls were actually inexperienced, or were they girls who were taken on who had experience in another firm?—A. The only record from which you can adduce their experience is from the records of the company. There was not a proper system showing experience. This factory is not in a territory where there had been other shoe companies operating.

By Mr. Sommerville:

Q. Then will you just please proceed with your narrative?—A. Statement S-2 gives the current average wages of female operators. It shows that with two exceptions all operators working on piece-work were paid at rates lower than the minimum wage. There were no bonuses paid to bring these wages up to the minimum.

SHOE MANUFACTURER "A"

STATEMENT No. S-2

SCHEDULE OF WAGES FOR FEMALE EMPLOYEES FOR THREE WEEKS ENDED 27TH APRIL, 1934

No.	Operation	First Week		Second Week	
		Hours	Amount	Hours	Amount
			\$		\$
1. Fitting Room—					
1.	Sewing.....	45	6.10	52	6.76
2.	".....	54	5.65	48	5.05
3.	".....	54	7.15	54	8.05
4.	".....	54	6.75	58	7.05
5.	".....	54	6.65	54	6.85
6.	".....	52	6.15	52	6.25
7.	".....	48	5.65	58	6.25
8.	".....	52	6.10	52	6.15
9.	".....	54	4.65	56	5.10
10.	".....	52	5.76	52	5.85
11.	".....	52	5.10	52	5.65
12.	".....	54	7.10	56	7.60
13.	".....	54	7.10	56	7.85
14.	".....	54	6.10	39	4.85
15.	".....	45	6.35	58	8.35
16.	".....	54	7.35	58	7.65
17.	".....	54	7.35	56	7.05
*18.	".....	54	7.80	58	8.35
19.	".....	52	6.85	52	7.05
20.	".....	54	6.35	43	5.55
21.	".....	50	6.85	54	7.10
22.	".....	48	5.35	54	6.05
23.	".....	51	5.00	52	5.00
24.	".....	52	5.55	52	5.45
25.	".....	52	6.10	52	6.05
26.	".....	54	6.10	52	6.05
27.	".....	54	6.25	54	6.35
28.	".....	54	6.85	54	7.15
29.	".....	52	5.65	52	5.45
30.	".....	52	4.00	52	4.00
31.	".....	53	3.50	52	4.05
32.	".....	54	5.00	56	5.20
33.	".....	52	3.00	52	3.60
34.	".....			52	5.00
35.	Perforating.....	52	6.65	29	3.77
36.	".....	52	6.85	46	6.45
37.	".....	52	7.20	56	7.75
38.	".....	52	7.10	56	7.75
39.	".....	50	6.25	34	4.15
40.	".....	52	4.25	54	4.70
41.	Marking.....	52	3.00	52	3.00
42.	".....	52	2.50	52	2.50
43.	".....	52	2.50	52	2.50
44.	".....	52	2.50	52	3.00
45.	".....	52	2.50	52	3.00
46.	".....			39	2.50
47.	Beading.....	44	5.22	52	6.05
*48.	".....	53	6.50	52	6.50
49.	Eyeletting.....	54	5.25	57	5.50
50.	".....	52	4.50	52	4.50
51.	Skiving.....	51	6.65	52	7.05
52.	Lacing.....	54	4.50	48	4.50
53.	Stamping.....	52	3.00	52	3.00
54.	Glueing.....			52	2.50
55.	Forelady.....		15 00		15.00
2. Making Room—					
56.	Polishing.....	48	7.20	48	7.30
57.	".....	48	7.20	48	7.30
58.	".....	48	6.50	48	6.50
59.	".....	48	7.40	48	7.30
60.	".....	48	6.50	48	6.50
61.	".....	48	6.70	48	6.80
62.	".....	48	6.90	48	6.80
63.	".....	48	7.40	48	7.30

Minimum wages for women under Minimum Wage Act of Quebec

Rates per hour applicable to Municipalities with a population of less than 3,000.

* Those marked are the only employees paid within the legal minimum wage.

SHOE MANUFACTURER "A"

STATEMENT No. S-2—Concluded

SCHEDULE OF WAGES FOR FEMALE EMPLOYEES FOR THREE WEEKS ENDED 27TH APRIL, 1934

Third Week		Weekly Average		Rate per hour Weekly Average	Experience (months)		Rate per hour, Weekly Average		
Hours	Amount	Hours	Amount		Over	Under	First Period of six months	Second Period of six months	Third Period of six months
	\$		\$	Cents			Cents	Cents	Cents
52	7.05	49 $\frac{2}{3}$	6.64	13.28	12	18	.....	.....	13.28
54	6.05	52	5.58	10.73	12	18	.....	.....	10.73
53	8.00	53 $\frac{2}{3}$	7.73	14.31	12	18	.....	.....	14.31
53	7.00	55	6.93	12.60	12	18	.....	.....	12.60
53	7.05	53 $\frac{2}{3}$	6.85	12.69	12	18	.....	.....	12.69
52	6.10	52	6.16	11.84	12	18	.....	.....	11.84
54	6.05	53 $\frac{1}{3}$	5.98	11.29	12	18	.....	.....	11.29
52	6.35	52	6.20	11.92	12	18	.....	.....	11.92
52	5.45	54	5.06	9.37	12	18	.....	.....	9.37
52	6.05	52	5.88	11.30	12	18	.....	.....	11.30
44	5.05	49 $\frac{2}{3}$	5.27	10.76	12	18	.....	.....	10.76
54	7.15	54 $\frac{2}{3}$	7.28	13.24	12	18	.....	.....	13.24
54	7.65	54 $\frac{2}{3}$	7.53	13.69	12	18	.....	.....	13.69
54	6.05	49	5.67	11.57	12	18	.....	.....	11.57
54	8.05	52 $\frac{1}{3}$	7.58	14.52	12	18	.....	.....	14.52
52	7.45	54 $\frac{2}{3}$	7.48	13.60	12	18	.....	.....	13.60
52	7.05	54	7.15	13.24	12	18	.....	.....	13.24
52	8.05	54 $\frac{2}{3}$	8.07	14.67	12	18	.....	.....	*14.67
22	3.06	42	5.65	13.45	12	18	.....	.....	13.45
52	6.05	49 $\frac{1}{3}$	5.98	12.20	12	18	.....	.....	12.20
52	7.05	52	7.00	13.46	12	18	.....	.....	13.46
52	5.75	51 $\frac{1}{3}$	5.72	11.21	12	18	.....	.....	11.21
53	6.00	52	5.33	10.25	12	18	.....	.....	10.25
43	4.75	49	5.25	10.72	12	18	.....	.....	10.72
52	6.05	52	6.07	11.67	12	18	.....	.....	11.67
54	6.31	53 $\frac{1}{3}$	6.15	11.60	6	12	.....	11.60	.....
54	6.35	54	6.32	11.70	6	12	.....	11.70	.....
52	7.25	53 $\frac{2}{3}$	7.08	13.36	12	18	.....	.....	13.36
52	5.65	52	5.58	10.73	6	12	.....	10.73	.....
52	4.50	52	4.17	8.02	.....	6	8.02	.....	.....
52	4.50	52 $\frac{1}{3}$	4.02	7.73	.....	6	7.73	.....	.....
54	5.75	54 $\frac{2}{3}$	5.32	9.85	.....	6	9.85	.....	.....
52	4.00	52	3.53	6.80	.....	6	6.80	.....	.....
52	5.00	52	5.00	9.61	.....	6	9.61	.....	.....
52	7.05	44 $\frac{1}{3}$	5.82	13.23	12	18	.....	.....	13.23
52	7.05	50	6.78	13.56	12	18	.....	.....	13.56
52	7.65	53 $\frac{1}{3}$	7.53	14.21	12	18	.....	.....	14.21
52	7.45	53 $\frac{1}{3}$	7.43	14.02	12	18	.....	.....	14.02
52	6.02	45 $\frac{2}{3}$	5.47	12.16	12	18	.....	.....	12.16
52	4.75	52 $\frac{1}{3}$	4.56	8.77	6	12	.....	8.77	.....
52	3.00	52	3.00	.....	boy	.....	.....	.....	.....
52	2.50	52	2.50	.....	boy	.....	.....	.....	.....
52	2.50	52	2.50	.....	boy	.....	.....	.....	.....
48	3.00	50 $\frac{2}{3}$	2.83	.....	boy	.....	.....	.....	.....
52	3.00	52	2.83	.....	boy	.....	.....	.....	.....
52	2.50	45 $\frac{1}{2}$	2.50	.....	boy	.....	.....	.....	.....
48	5.55	48	5.61	10.69	12	18	.....	.....	10.69
52	6.50	52 $\frac{1}{3}$	6.50	12.50	.....	6	*12.50	.....	.....
54	5.50	55	5.42	9.86	6	12	.....	9.86	.....
52	5.00	52	4.67	8.00	.....	6	8.00	.....	.....
52	7.15	51 $\frac{2}{3}$	6.95	13.37	12	18	.....	.....	13.37
52	5.00	51 $\frac{1}{3}$	4.67	9.16	6	12	.....	9.16	.....
52	3.00	52	3.00	.....	boy	.....	.....	.....	.....
52	2.50	52	2.50	4.88	.....	6	4.88	.....	.....
.....	15.00	.....	15.00	.....	.....	.....	.....	.....	.....
48	7.20	48	7.23	15.06	12	18	.....	.....	15.06
48	7.50	48	7.33	15.27	12	18	.....	.....	15.27
48	7.00	48	6.67	13.89	6	12	.....	13.89	.....
48	7.50	48	7.40	15.42	12	18	.....	.....	15.42
48	6.70	48	6.57	13.69	6	12	.....	13.69	.....
48	6.70	48	6.73	14.02	6	12	.....	14.02	.....
48	6.70	48	6.80	14.17	6	12	.....	14.17	.....
48	7.20	48	7.30	15.21	12	18	.....	.....	15.21

12.50c. 13.54c. 14.58c.

Q. This statement S-2 shows the wages that are prevailing now?—A. Yes.

Q. For three weeks ended 27th April, 1934?—A. Yes.

By Mr. Factor:

Q. The wages actually paid?—A. The actual wages paid, and the hours worked, and the average rate per hour based on the three weeks payroll. It shows that in the fitting room operators 1 to 55 all work on piece-work and that with the exception of two operators all these employees were paid less than the minimum wage.

By Mr. Sommerville:

Q. That is, 53 out of 55 operators in the fitting room were getting less than the minimum wage?—A. Yes sir.

By Mr. Heaps:

Q. And these are practically all the girls who work there?—A. These are all females.

Q. These figures show the hours of work 56, 54, 52, 50 and so on all the way through, extraordinarily long hours for girls to be working at that operation.

MR. SOMMERVILLE: That is what the witness is calling attention to. For instance, you have the wages shown for the girls. Take the first one who sews, 45 hours for the first week and earned \$6.10; the next week 52 hours and earned \$6.76; the next week 52 hours and earned \$7.05; the weekly average $49\frac{2}{3}$ hours and an average salary of \$6.64, or a rate per hour of 13.28 cents, and she is one of those who has had experience of over 12 and under 18 months, that is, she has been with the company that long. No. 2 has worked 54 hours the first week and she gets \$5.65; the next week she worked 48 hours and received \$5.05; the next week 54 hours and received \$6.05, an average of 52 hours per week for those three weeks with an average weekly wage of \$5.58 and a rate per hour of 10.73 cents and she has had over 12 months' experience. The next one works the first week 54 hours and get \$7.15; the next week 54 hours for \$8.05; the next week 53 hours for \$8; an average of $53\frac{2}{3}$ hours and get \$7.73 or 14.31 cents per hour. Then you go further down and you find that there are only two who obtained the minimum wage during these three weeks.

THE WITNESS: Yes. The minimum wage is shown at the foot of each of the last three columns, and every one whose actual average wage appears in the first column should receive $12\frac{1}{2}$ cents an hour.

Q. Should have received $12\frac{1}{2}$ cents?—A. Yes. One girl out of the 55, the forelady, was paid at \$15 a week, leaving 54 employees who should have been paid $12\frac{1}{2}$ cents an hour. Of nine operators who should have received $12\frac{1}{2}$ cents an hour only one actually received that amount; in the second period of the six months' apprenticeship there are six operators who should have received $13\frac{1}{2}$ cents an hour on the average. None reached that amount.

By Mr. Heaps:

Q. I see a number of boys here, Mr. Glasco, six of them receiving about \$2.50 a week for 52 hours, what age are those boys.

MR. FACTOR: Let us finish the fitting room.

THE WITNESS: The boys are shown in the experienced column; their rates have not been extended into the last three columns because they are not subject to the Minimum Wage Act; but they are shown to be receiving weekly average wages of \$3, \$2.50, \$2.50, \$2.83, \$2.83 and \$2.50 for 52 hours, 52 hours, 52 hours, $50\frac{2}{3}$ hours, 52 hours and $45\frac{1}{2}$ hours respectively.

By Mr. Factor:

Q. But since that time the Minimum Wage Law of Quebec has been made to apply to males, has it not?—A. I think it has been made to apply to males who are replacing girls; a girl may not be put out of her position and a boy taken on at a lesser rate.

Mr. BOULANGER: I think the meaning of the new amendment is that a manufacturer cannot employ a man at a lower wage than he would have to pay to a woman.

Mr. FACTOR: That is how I understand it.

Mr. HEAPS: Maybe boys work all the time.

By Mr. Sommerville:

Q. Wait a minute. These boys were aged from what? What were the ages, do you recall?—A. I think 15 to 18.

Q. With reference to the girls that were working in that fitting room, the first 34 were engaged in what operation?—A. In sewing.

Q. And the next 7 were engaged in what operation?—A. They were perforating.

Q. And the next six, six boys, were engaged in what operation?—A. Marking. Two girls beading, two eyeletting, one skiving, one lacing, a boy stamping, a girl glueing. The forelady is the fifty-fifth employee.

Mr. FACTOR: A girl glueing, \$2.50.

Mr. SOMMERVILLE: \$2.50 a week, 52 hours for a girl who was glueing.

Mr. HEAPS: She sticks to her job.

Mr. KENNEDY (Winnipeg): Would it not be of interest to the committee, Mr. Sommerville, to establish definitely just what the present law is relating to males in Quebec, if it is known to the witness?

The WITNESS: I don't know definitely as to the effect of the new amendment.

The CHAIRMAN: There is an amendment that was made only a month ago.

Mr. KENNEDY (Winnipeg): My recollection is to the effect that no employer of labour can employ male labour at a rate of pay lower than that established by law for females.

Mr. BOULANGER: That is my understanding. I think I gave the bill to Mr. Sommerville.

Mr. SOMMERVILLE: I think that was the bill that was proposed at that time.

Mr. BOULANGER: It was passed.

Mr. FACTOR: It has no reference to boys—adults and males.

Mr. KENNEDY (Winnipeg): Adults and males surely would include them.

The CHAIRMAN: Let us get this final point clear—we have broken into the middle of it—about the final three columns.

By Mr. Sommerville:

Q. With reference to the three columns on the right-hand side of the Statement S-2, that indicates that of all these employees who were there for the first period of six months, only one out of all received the minimum wage?—A. One out of eight.

Q. And in the second period of six months, of the six employees there during that period, none received the minimum wage?—A. That is right.

Q. And in the third period, those who had been with the company over a year and less than eighteen months, only one out of— —A. 33.

Q. One out of 33 had received the minimum wage?—A. Yes. The second group are operators in the making room, and they are all operating on polishing, working 48 hours a week in all cases for each of the three weeks, and receiving average weekly wages for those 48 hours of from \$6.57 to \$7.33. There were none in the first six months of apprenticeship. There were four in the second period who were all receiving slightly above the minimum wage, in two cases half a cent above the minimum wage. There were 4 in the third period of six months, all of whom were receiving more than the minimum wage.

Q. This company ships its goods to certain departmental stores?—A. Yes.

Q. Looking at the mark-up in the mail order catalogue of one of these firms, we find—

Mr. FACTOR: What is the firm name?

Mr. SOMMERVILLE: A firm supplying to these departmental stores.

The WITNESS: Firm "A."

Mr. SOMMERVILLE: Supplied by firm "A."

By Mr. Sommerville:

Q. It shows the goods supplied at a mark-up of 67·80 per cent?—A. Yes.

Q. One item?—A. Yes, one item.

Q. And another item with a mark-up of 78·50 per cent?—A. Yes.

Mr. HEAPS: Could you tell us, Mr. Sommerville, how much these firms themselves mark up on their own cost of production?

Mr. SOMMERVILLE: I was going to ask that.

The WITNESS: That is for another branch of the same mail order house, the higher mark-up.

By Mr. Sommerville:

Q. Were you able to follow back and get the cost of production of these shoes in this particular factory?—A. No, sir, not in connection with these purchases. We followed back several specific purchases or sales made to departmental stores and obtained the management's estimate as to the cost. But the company has no cost system which shows accurately how much the shoes cost to make.

Q. And you cannot, therefore, give us the breakdown of their costs?—A. No.

Mr. KENNEDY (Winnipeg): Not for any particular sale.

Mr. SOMMERVILLE: Not for particular sales.

Mr. HEAPS: Have you got that in a more general way?

By Mr. Sommerville:

Q. Can you give it to us in any other form, or indicate it to us in any way?—A. Possibly best by describing the operating results of the company.

Q. All right?—A. For the year ended June, 1933, the company's sales were \$150,000, upon which they made a gross profit of \$23,000.

By the Chairman:

Q. That is the shoe factory?—A. The shoe factory.

By Mr. Sommerville:

Q. Gross?—A. Yes. Against that they had administrative and selling costs of \$16,000, reducing the profit to \$6,000. They appropriated, for bad debts and depreciation of capital assets, another \$2,900, leaving a net profit before dividends and income tax of \$3,400, which is approximately $2\frac{1}{4}$ or $2\frac{1}{3}$ per cent on sales.

By Mr. Young:

Q. You say in your narrative here that "although the company makes but few standard lines, there may be slight variations in shoes manufactured for a particular customer which alter the cost to some extent either up or down and render comparisons extremely difficult." Did you see any of these specifications that were furnished to them?—A. No, sir.

Q. You don't know whether they required the boot to resemble a good one, although it was not quite so good?—A. In talking to the manufacturers about comparable prices, they say that buyers will ask for a shoe to sell at a certain price, and it may closely resemble one of their standard lines. If they can produce the shoe at a price to give them a spread and still meet the retailer's price, they will change the specification slightly and make it.

Q. They will make a slightly inferior shoe look like a standard one, is that it?—A. I presume it would look like it in some cases, yes, sir.

Q. Is there any effort to deceive the public in the quality of the shoes?—A. I don't think so, sir.

Q. Nothing like that?—A. No.

By Mr. Factor:

Q. I notice in your narrative you say that departmental stores received 13.94 per cent of the supply from this shoe company "A." To whom were the other 86 per cent sold?—A. To jobbers, chain store organizations and small retailers. Perhaps I can give you the breakdown of that. The sales to departmental stores in this particular period, the second period, were \$36,000; sales to boot and shoe chain stores, jobbers and retail stores were \$224,000. I am afraid I have not got the breakdown except of the departmental stores.

Q. What were the total sales in that year?—A. \$260,000.

Q. \$260,000, and 14 per cent supplied to the departmental stores?—A. Yes.

Q. You can figure out that the balance were supplied to jobbers and who else?—A. And retail stores and chain stores.

By Mr. Sommerville:

Q. It is not possible for you to find out whether they made a profit on their sales to the departmental stores or a loss, or whether they made up any loss by sales to retail stores?—A. It would be a very lengthy thing to determine, and it was not, in the time at our disposal.

Q. Will you just continue with your narrative? You were dealing with the wages of the female operators.

Mr. FACTOR: Pardon me before you start that. I don't want to appear to hold any brief for the departmental stores. The only reason I point this out is that here we have singled out two departmental stores because they have received 13 per cent of the supplies of that manufacturer, and 87 per cent goes to other stores. We don't go into the other stores to analyze it and follow it up. We just take the departmental stores. Then we have a schedule of wages that sort of links the two together. I think that is not quite the picture to present to the public.

The CHAIRMAN: We have not got through yet, Mr. Factor. We are bringing forward some evidence regarding general stores, general retailers.

Mr. FACTOR: They should be all grouped together. It is a shocking picture of wages that is being presented to us, and we are linking the two departmental stores with that manufacturer.

The CHAIRMAN: Not two. There are four or five.

Mr. SOMMERVILLE: All of them.

The CHAIRMAN: There are nine, anyway.

Mr. HEAPS: I think it is a fact that we established that no retail stores, either departmental or otherwise, have anything to do with the fixing of wages; because the firm started just two years ago and fixed their wages at 10 cents an hour.

Mr. FACTOR: Quite so. That is why I am making the point. Why single out, in the narrative, the ultimate source of 13 per cent of the sales to these departmental stores without also dealing with the others who received the product as well? None of them are responsible for the standard of wages in the shoe factories.

Mr. SOMMERVILLE: You will remember there were put into the evidence, at the beginning of the inquiry, certain statements as to advertisements of shoes, and the committee requested that these be followed back into the factories to find out where they were made. The result was they were followed back in a number of cases, to give the committee the evidence that they desired as to what happened in those factories.

Mr. YOUNG: Yes, the people that made these complaints said that certain stores were responsible for the low wages in the factories. It is just possible we may find that the complainants are responsible, or equally as responsible as those of whom they complain.

Mr. SOMMERVILLE: When the story or the series is completed, it will be for the committee to decide.

The CHAIRMAN: What we are dealing with now are the facts of the case.

Mr. FACTOR: Yes, I know; but we are presenting it in a way that I certainly think is not a complete way of presenting it.

Mr. SOMMERVILLE: I think you will find, by the time that we get through the eight cases that are being presented to-day, a very fair statement of what the position is, or the relationship at any rate.

Mr. EDWARDS: Another fact, Mr. Sommerville, is that the specifications for these shoes were such that they had to pay much lower wages in order to fill the specifications at that price.

Mr. SOMMERVILLE: That may have been.

Mr. EDWARDS: Would that not be considered?

Mr. FACTOR: That is a point we should investigate.

The CHAIRMAN: Suppose we proceed with what we have got. I think we have gone pretty far.

Mr. NASH: Perhaps I might say that our reference only covers departmental stores. We could not go into the others.

Mr. YOUNG: Your instructions were to investigate the purchases of departmental stores?

Mr. NASH: Yes.

Mr. YOUNG: You were instructed to investigate their purchases and nobody else's?

Mr. NASH: No.

Mr. FACTOR: That is the point I am making. There is a very dismal picture of wage conditions presented. Your instructions were to trace these shoes and confine it to those sold to departmental stores. From the figures, departmental stores only got 13 per cent. In all the other eight cases you have only traced them to the departmental stores.

Mr. NASH: Yes.

Mr. FACTOR: That is the point I am complaining about.

Mr. EDWARDS: Have you the percentage for jobbers, Mr. Nash?

Mr. NASH: Not as separate from chain stores and retailers.

By the Chairman:

Q. The year before you had 33 per cent?—A. 23 per cent.

By Mr. Sommerville:

Q. All right, let us proceed?—A. We come to the male employees.

Q. Now, you were saying there was no bonus paid to bring these wages of the female employees up to the minimum?—A. No.

Q. And you have been dealing with female employees regarding whom there is a minimum wage law in force?—A. Yes.

Q. What do you say as to male employees?—A. No complete record was available of the hours worked by male employees. The records which were available, however, and information supplied by the management, indicated that male employees in 1934 were receiving the following wages: 44 or 63·8 per cent of the total received 10 cents per hour or less.

By Mr. Heaps:

Q. Were these grown-up males or what?—A. They would be grown-up men and boys; boys from 15 to 18, I think.

By the Chairman:

Q. All right, will you continue?—A. 16 or 23·2 per cent of the total received from 10 to 15 cents per hour; 8 or 11·6 per cent received from 15 to 20 cents, and 1 or 1·4 per cent received from 20 to 25 cents per hour.

By Mr. Sommerville:

Q. That was 69 male employees?—A. Yes.

Q. How many female employees were there in that plant?—A. 63.

Q. A total of 132 employees?—A. Yes.

Q. Will you proceed?—A. About fifteen families are employed on certain operations in their homes. This practice was first started in January, 1934, and officials stated that the average earnings per family per day is approximately \$1.50, which is said to represent the equivalent of at least ten hours of adult labour. Officials state further that the work sent out in this fashion is performed by both children and adults of both sexes.

Q. You didn't follow that back?—A. No, we didn't follow that back.

Q. The statement of the officials was accepted?—A. Yes.

Mr. HEAPS: That was quite enough.

By Mr. Young:

Q. Do they take the machine home to do the work on, or is this hand work that they do at home?—A. I think it would be principally hand work. There might be some simple sewing operations which would be done by pedal machines in the home, but I think it was mainly perforating and marking.

By Mr. Edwards:

Q. That is the earning of the family?—A. That is what the officials said.

Q. \$1.50?—A. \$1.50 a day.

By Mr. Heaps:

Q. And they work on a piece-work basis in the homes?—A. Yes.

By Mr. Young:

Q. You don't know what hours they put in at home?—A. No; only the officials said that \$1.50 would represent about 10 hours of adult labour.

By Mr. Ilsley:

Q. About in line with the wages in the factory?—A. Yes, about that.

By Mr. Sommerville:

Q. All right, will you continue?—A. An attempt was made to secure information as to the cost of specific purchases made by the departmental stores but due to the absence of any complete cost records it was not possible to secure this information.

Mr. Gustav Francq, Chairman of the Quebec Minimum Wage Board, stated that this Company had been fined for violation of the Act.

By Mr. Heaps:

Q. Have you got the date when they were fined?—A. I am afraid I have not got it here.

Q. Evidently there has been no change in their methods, so far as wages are concerned, even though they were fined?—A. I don't know whether there has been any change since our visit. We were there in May. I can't answer that.

By Mr. Sommerville:

Q. These are the conditions you found in May?—A. Yes, those are what we found.

Q. At that time Mr. Francq had intimated to you— —A. They had been fined at that time.

Q. Previous to that?—A. Yes.

Q. Now we come to company B?—A. I wonder if you would like to have me just deal with this company "A" on statement 7 at the back there while we are here, it is the last statement I think; or shall we take them all at the end.

The CHAIRMAN: Let us leave that for the moment, it includes them all does it not?

The WITNESS: Yes.

The CHAIRMAN: Let us wait till we get through with the others. Take company "B."

This company was incorporated on the 24th February, 1919, with an authorized capital of 5,000 shares of \$100 each. The business was originally started by one individual in 1898 who operated as a sole trader until incorporation in 1919. The capital of the company is now held by members of this individual's family.

The company manufactures men's, women's and children's shoes, and employs approximately 500 persons. It is in sound financial condition and operations for the past five years have resulted in a fair return on the invested capital.

Sales—

The company's annual sales have approximated \$800,000 of which, in 1933, 43 per cent were made to department stores or large jobbers. The sales records were examined and comparisons made of prices to large and small buyers, which indicated that the former enjoyed a price advantage of from ten cents to twenty cents per pair of shoes. The company's largest single customer is a department store, which in 1933 made purchases of approximately \$220,000.

At certain periods of the year the company carries large stocks of finished shoes, and it is the policy to regularly clear distressed or slow moving lines at reduced prices to the large buyers. Officials stated that no considerable proportion of the whole volume is represented by sales of this nature.

Officials stated that the company does not sell on consignment and gives no advertising allowances or special discounts.

Manufacturing Costs—

This company is the only shoe manufacturer investigated in the Province of Quebec which maintains a complete system of costs records.

Wages—

The company pays its factory employees entirely on a piece-work basis, and follows the practice of discharging any female employee who, for three consecutive weeks, fails to earn the minimum wage as established by the Quebec Minimum Wage Board.

By Mr. Young:

Q. Did you follow up these discharged employees to see what they did for a job?—A. I did not, sir. But the fact that most of the female employees earned more than a minimum wage indicates that the rates set are reasonable.

Q. Or that these employees are determined to hold their job?—A. I should explain that in this territory there are a large number of experienced shoe operators available.

By Mr. Sommerville:

Q. There is plenty of experienced labour available?—A. Yes.

The fact that most female employees earn more than the minimum wage, indicates that the rates set are reasonable.

The company maintains complete records as to the experience and number of hours worked by female piece-workers, but no such records are available regarding male employees.

Statement S-3 shows that the average hourly wage earned by a group of both experienced and inexperienced female workers for selected periods in 1933 and 1934, and the average weekly earnings in the same periods of a group of male piece-workers.

SHOE MANUFACTURER "B"

STATEMENT No. S-3

STATEMENT SHOWING AVERAGE WAGES AND RATES OF A REPRESENTATIVE GROUP OF EMPLOYEES FOR CERTAIN PERIODS IN 1933 AND 1934

	1933	1934
<i>Female Workers (Representative Group)—</i>	cents	cents
Average rate per hour (all workers).....	23.6	26.4
" " Inexperienced workers.....	13.5	21.0
" " Experienced workers.....	25.0	26.5
	\$	\$
Average weekly wages (all workers).....	11.15	10.26
" " Inexperienced workers.....	5.56	6.96
" " Experienced workers.....	12.15	10.86
NOTE.—Out of a group of 40 representative workers only six are classified as inexperienced, and only one worked for a full week of 48 hours in either period.		
In the 1934 period examined only four workers worked for a full week of 48 hours.		
<i>Male Workers (Representative Group)—</i>	\$	\$
Cutting Dept., Average weekly earnings.....	16.04	12.53
Sole fitting Dept. " ".....	16.54	15.35
Sole cutting Dept. " ".....	16.04	14.66
Treeing Room " ".....	12.52	12.75
Bottoming and Lasting Depts., Average weekly earnings.....	20.58	16.06
Finishing Dept., Average weekly earnings.....	29.01	25.40
Average weekly earnings, all departments.....	19.88	16.79

NOTE.—The comparison of earnings of male employees is based on groups of 64 and 59 men in 1933 and 1934 respectively.

By Mr. Factor:

Q. How many female workers are there out of the 500?—A. I think about 200, I am not sure of that, I have not got it in my hands. We only analyze a certain representative group to get the trend of wages between 1933 and 1934, and to test as to the compliance with the Minimum Wage Scale.

By Mr. Sommerville:

Q. Yes.—A. The schedule shows that for female workers the average rate per hour of all workers increased from 23·6 cents in 1933, to 26·4 cents in 1934; the rates for inexperienced workers have increased from 13·5 to 21 cents an hour; and experienced workers from 25 to 26·5 cents an hour. Now, the next three amounts show the reverse of that, due to the fact that the hours worked in 1933 were greater than those worked in 1934, so that the comparison is rather the average hourly rate.

By Mr. Factor:

Q. That is, the actual earning?—A. These are the actual earnings. The actual weekly rate without a record of the hours is not in itself indicative of the true wage.

By Mr. Sommerville:

Q. What is your note on that—out of a group of 40 representative workers only six are classified as inexperienced, and only one worked for a full week of 48 hours in either period? In the 1934 period examined only four workers worked for a full week of 48 hours?—A. Yes.

Q. Then the average earnings of all workers for 1934 was \$10.26 for inexperienced workers?—A. That was the average of all.

Q. For inexperienced workers it was \$6.96?—A. Yes, sir.

Q. And for experienced workers it was \$10.86?—A. Yes.

By Mr. Heaps:

Q. These are both male and female?—A. These are all female. I do not know whether that would be the average for the year, that is for the purposes which we selected, which are normally fair periods of operation.

By Mr. Sommerville:

Q. Yes. Now then, that is the condition with respect to female workers?—A. Yes. Male workers are all shown on average weekly earnings due to the absence of any record of the hour, and they are taken for the same period as the female.

Q. Yes.—A. So that they show a considerable decrease from 1933 to 1934. In the cutting department the average weekly earnings were \$16.04 in 1933 and \$12.53 in 1934; in the sole fitting department the average weekly earnings were \$16.54 in 1933, and \$15.35 in 1934; in the sole cutting department the average weekly earnings were \$16.04 in 1933, and \$14.66 in 1934; in the treeing room the average weekly earnings were \$12.52 in 1933, and \$12.75 in 1934; in the bottoming and lasting departments the average weekly earnings were \$20.58 in 1923, and \$16.06 in 1934; in the finishing department the average weekly earnings were \$29.01 in 1933, and \$25.40 in 1934; and the average weekly earnings for all departments was \$19.88 in 1933, and \$16.79 in 1934.

By the Chairman:

Q. That is for males?—A. That is for men.

By Mr. Young:

Q. Was that due to a decrease in the hours worked?—A. Apparently, sir, there is no record of hours. The average trend of girls' wages as most of the weekly earnings would indicate has been toward working shorter hours.

Mr. HEAPS: Has there been any change in the operation of this firm in the past three years?

Mr. YOUNG: The rates have increased very considerably from 1933 to 1934 for females.

The WITNESS: I think possibly that was in some degree due to the minimum wage act coming in. It became effective only on October 1, 1933.

By Mr. Sommerville:

Q. Oh, yes, and that may account for some of the adjustments and that might bring up the average?—A. Yes.

By Mr. Heaps:

Q. But these regulations which have been put into effect do not directly affect male labour?—A. No.

Q. Has there been any change in the rates of pay there?—A. Not that we know of, sir; not that we had any evidence of.

By Mr. Young:

Q. This company seems to have paid better wages and made better profits than the other company, can you explain that?—A. They are a well established firm, and I think they operate efficiently; they have a good connection and a good reputation.

By Mr. Sommerville:

Q. They have been established a long time?—A. And they have a good labour supply.

The CHAIRMAN: In regard to the question raised by Mr. Heaps, and the one asked by Mr. Factor a while ago: I have before me the bill, but we have not got the act as it was finally passed—I think it passed as introduced.

Mr. BOULANGER: The act passed as it is.

The CHAIRMAN: The bill is known as the Women's Minimum Wage Act, revised statutes 1925, chapter 100 as amended. It provides that the bill be amended by adding thereto after Section 6 thereof, the following section 6A: "no male worker may be employed in any kind of work at a rate less than that fixed by the order of the commisison for female employees for the same kind of work. This Act shall come into force on the day of its sanction."

Mr. HEAPS: That would not necessarily in any way affect these boys whom we referred to a few minutes ago and who were receiving \$2.50 per week for a 50-hour week, because there has been no rate fixed by the Board for that class of work.

Mr. FACTOR: It may be glueing operations.

Mr. HEAPS: All right, with glueing operations.

The WITNESS: Officials state that the workers in this plant are highly efficient, and that it is the practice to charge back losses on damaged shoes to the employees responsible.

By Mr. Young:

Q. Is there much of that?—A. I do not know definitely how much there is.

By Mr. Sommerville:

Q. Now we will take company C.

This company was incorporated by Quebec Charter in 1922 with an authorized capital of \$99,000. It commenced operations in a Quebec city and continued there until 1925 when it became insolvent and compromised with its creditors at 50 cents on the \$1 on unsecured claims. Arrears of rent were settled by the issue of bonds and the operations were then moved to a town in Quebec.

On 12th January, 1927, Supplementary Letters Patent were obtained whereby the authorized capital became \$25,000 preferred stock and 749 shares of common stock, no par value. At the time of this reorganization second mortgage bonds were issued for cash and subscribers received a bonus of 20 shares of common stock for each \$1,000 bond. These shares were subsequently purchased by the three Directors, who now jointly hold a majority of the common shares.

This company manufactures men's, women's and children's shoes.

During the past five years the company has earned small profits consistently, on an average turn-over of \$175,000 per annum.

Sales.—

During the past four years approximately 50 per cent of the company's sales have been made to departmental stores. The largest single customer in 1933 was a department store, which purchased merchandise amounting to approximately \$40,000. The sales records were examined to see whether departmental stores purchased more cheaply than smaller retailers. No comparisons were possible on special lines but the company's regular sales appeared to be made at the same prices to all classes of buyers.

Wages.—

In this factory all labour is paid on a time basis, and certain operations, such as the cutting of soles, are contracted for on a quantity basis.

Q. In the factory?—A. Yes.

Q. Do the employees take these contracts?

The CHAIRMAN: It is virtually piecework.

The WITNESS: Yes, it is virtually piecework, but it may involve two or three employees.

An analysis was made of the payroll for the two weeks ending 28th of April, 1934, and the hourly and weekly wages of male and female workers were calculated. The results of this analysis are set out on Statement S-4. The wage rates in this company are, particularly in the case of male employees, considerably lower than those in effect in some other factories examined. The Company employs 29 men and boys who received less than 10c per hour and whose average wage for the period examined was \$2.85 per week.

STATEMENT No. S-4

SHOE MANUFACTURER "C"

SCHEDULE OF AVERAGE WAGES PAID AND HOURS OF WORK PER WEEK COMPUTED FROM PAYROLL FOR TWO WEEKS TO 28TH APRIL 1934

Class of labour	Number of workers	Number of hours	Wages received	Average Wage		Average hours per week
				Per hour	Per week	
			\$	cts.	\$	
All factory hands (including foremen) ..	140	15,691	2,190.46	14.0	7.70	55
Men and stags (excluding foremen)	89	10,051	1,222.69	12.2	6.71	55
Women (all classes)	45	4,979	716.27	14.4	7.37	48
Men (10c. per hour and up)	60	6,847	1,056.94	15.4	8.47	55
Stags (all males at less than 10c. per hour)	29	3,204	165.75	5.2	2.85	55
Apprentices (less than 10c. and more than 5c. per hour)	15	1,746	118.28	6.8	3.74	55
*Boys (5c. per hour and less)	14	1,457	47.47	3.2	1.76	55

*These boys are all at least 14 years of age.

This average for all workers reflects both the low scale of wages generally, and the high percentage of cheap labour employed. The foremen are paid an average of \$20.29 per week, flat rate. The men and boys average 55 to 60 hours work a week.

These figures were taken directly from the payroll, as made up by the company, and analysed in the supporting schedule. There are no other wages paid, and there are no deductions from wages.

The period represented is a fair picture of the company's operations at present.

41 male employees are paid less than the minimum wage for women.

Q. That is, 29 male employees averaged \$2.85 per week?—A. Yes.

Out of a total of 89 male employees, 41 received less than the minimum hourly rate for inexperienced females, which is \$6 for a week of 48 hours, or 12½ cents per hour.

Statement No. S-5 shows the number of hours worked and weekly earnings of a number of employees of this company.

Q. That is a very bad situation. How many employees were there in this plant?—A. Including the foremen, 140.

By Mr. Kennedy (Winnipeg):

Q. You mentioned this company going into insolvency, and compromising with creditors at 50 cents on the dollar?—A. Yes.

Q. Were the wage earners taken care of?—A. I do not know, sir, it is a privileged claim and if they paid anything to the unsecured creditors they probably had to pay wages.

Q. It is a privilege for a certain time?—A. Up to three months.

By Mr. Sommerville:

Q. The 140 factory workers included the foremen?—A. Yes.

Q. And the average wage per hour for the two weeks prior to the 28th April, 1934, was—?—A. 14 cents.

By the Chairman:

Q. That is for men, women and foremen?—A. All hands, sir.

By Mr. Sommerville:

Q. And that was an average of how much per week?—A. \$7.70 for a 55-hour week. That is broken down into men and stags—stags are helpers—women of all classes, and men rated at 10 cents per hour and up; stags, apprentices and boys.

The CHAIRMAN: Extend those as you go along.

The WITNESS: Men and stags numbered 89, they received an average hourly rate of 12.02 cents per hour or \$6.71 per week for a 55 hour week. All women, of whom there were 45—

By Mr. Factor:

Q. That is the actual earnings, \$6.71 a week?—A. Yes.

Mr. SOMMERVILLE: For 55 hours.

Mr. HEAPS: That is 10 hours a day and 5 hours on Saturday.

Mr. SOMMERVILLE: That would be 7 hours overtime.

Mr. HEAPS: Not for the men.

Mr. SOMMERVILLE: The minimum wage act fixes 48 hours for the women.

The WITNESS: The first schedule for apprentices female is 12.5 cents an hour, the average for all men is 12.2 cents.

By Mr. Factor:

Q. These men in the second line, are they married men, of these 89 men how many are married?—A. I am afraid I do not know that, sir.

By Mr. Sommerville:

Q. At any rate all the men on the average got less than the inexperienced girl in her first six months, as required by the order of the Minimum Wage Board?—A. Yes.

Mr. HEAPS: That is \$6 for the first six months, then it is a little higher.

Mr. SOMMERVILLE: For a 48-hour week?

Mr. HEAPS: Yes, that is right.

The WITNESS: Four men are excluded from that payroll. There were 45 women of all classes who received an average hourly wage of 14.4 cents or \$7.37 a week for a 48-hour week.

Mr. FACTOR: Why do these women earn more than the men?

Mr. HEAPS: On account of the Minimum Wage regulation.

The WITNESS: The tendency has been in the last year for the rates to women to increase, the rates to men have stood still more or less.

By Mr. Sommerville:

Q. The average rate to women has increased?—A. In most cases.

Q. Now then, how many men were there getting 10 cents per hour and up?—A. 60.

Mr. FACTOR: Up to what?

By Mr. Sommerville:

Q. The average of what these sixty men got is what?—A. 15.4 cents per hour, or \$8.47 a week for a 55-hour week.

Q. These are the sixty highest paid men in the plant?—A. Yes, that leaves 29 men out of the 89, who are called stags, and who are all employed at less than 10 cents per hour; the average hourly earning was 5.2 cents, and the average weekly earning was \$2.85 for a 55-hour week.

Q. Well then?—A. We have broken down the 29 stags in the next two groups: Apprentices at less than 10 cents an hour and more than 5 cents per hour, 15 of them earning 6·8 cents per hour or \$3.74 a week of 55 hours; and 14 boys earning 5 cents per hour or less, who actually earned 3·2 cents per hour or \$1.76 for a week of 55 hours.

Mr. HEAPS: There is apparently no evasion of the Minimum Wage Act, is there—

Mr. SOMMERVILLE: These are all for men.

Mr. HEAPS: I am taking women of all classes, they have 14½ cents per hour, and I was wondering if there has been any evasion there.

The WITNESS: No, there has not been so far as women are concerned; there is a 3 per cent evasion and they are allowed 20 per cent.

The CHAIRMAN: You are assuming, of course, that all these women are inexperienced.

Mr. HEAPS: 14·4 cents per hour is a little beyond beginning.

The WITNESS: We have extended the proper wages for the employees in these cases.

By Mr. Factor:

Q. From this manufacturer the departmental stores purchased 50 per cent during the past four years?—A. Yes.

Q. The only thing I can say is, if I were an executive of a departmental store I would make an inquiry about these wages before I would purchase goods from factories such as these.

By Mr. Sommerville:

Q. These boys you say are at least fourteen years of age?—A. Yes. This average for all workers reflects both the low scale of wages generally, and the high percentage of cheap labour employed. The foremen are paid an average of \$20.29 per week flat rate. The men and boys average 55 to 60 hours a week.

By Mr. Heaps:

Q. Is there any regulation under the factory act that you know of which regulates the number of hours a boy can work in a factory?—A. I do not believe there is, sir.

Q. Here you have men and boys working a fifty-five and a sixty-hour week?—A. I am afraid I do not know that. These figures were taken directly from the payroll, as made up by the company, and analyzed in the supporting schedule. There are no other wages paid, and there are no deductions from wages.

Q. I should not think there would be?—A. The period represented is a fair picture of the company's operations at present. Forty-one male employees are paid less than the minimum wage for women.

Mr. FACTOR: That is not possible now.

Mr. HEAPS: Oh yes it is, there are no minimum wage rates in most of the provinces that cover minimum rates for men.

Mr. FACTOR: According to the provisions of this Act male employees are not to get less than female.

Mr. HEAPS: That is for men, if they work in the particular line of work in which women are employed.

Mr. KENNEDY (*Winnipeg*): That is immaterial.

Mr. HEAPS: No, it is not.

Mr. KENNEDY (*Winnipeg*): Read the Act. Let me read this section, this is what the Act says—I would like to get Mr. Heaps' point of view—no male worker may be employed in any kind of work at a rate less than that fixed by the Order of the Commission for female employees for the same kind of work.

Mr. HEAPS: That is right; you see there has been no rate set by the Board for this particular class of work for which women are employed.

Mr. SOMMERVILLE: Look at statement S-5, the next sheet, and you will get the statement perhaps exemplified there; you have got men working as cutters; there are no women cutters?—A. No, very rarely sir.

STATEMENT NO. S-5

SHOE MANUFACTURER "C"

STATEMENT SHOWING HOURS WORKED AND WAGES EARNED BY A NUMBER OF EMPLOYEES

	Fifteen days ending 3rd March 1934			Fifteen days ending 18th September 1933		
	Hours	Rate per hour	Wages	Hours	Rate per hour	Wages
		\$	\$		\$	\$
<i>Cutters (Men)—</i>						
1.....	110½	0.20	22.10	95	0.18½	17.57
2.....	110½	0.14½	15.95	100	0.14	14.00
3.....	71	0.09	6.39	100	0.03	3.00
		Rate per week of 48 hours			Rate per week of 55 hours	
<i>Fitting (Women)—</i>						
1.....	111½	9.00	20.91	100	8.00	14.54
2.....	119	7.00	17.35	100	5.50	10.00
3.....	118½	7.00	17.28	100	5.50	10.00
4.....	118½	7.00	17.28	100	5.50	10.00
5.....	119	9.00	22.31	95	6.50	11.22
6.....	116½	6.00	14.56	102	6.00	11.12
		Rate per hour			Rate per hour	
<i>Lasting (Men)—</i>						
1.....	124	0.30	37.20	100	0.30	30.30
2.....	114	0.20	22.80	101	0.19½	19.69
3.....	114½	0.16	18.32	101	0.15	15.15
4.....	114	0.09	10.26	99	0.07½	7.42
5.....	113½	0.02½	2.84			
6.....	126½	0.25	31.62	107½	0.25	26.87
<i>Finishing (Men)—</i>						
1.....	114	0.16½	18.81	100½	0.16	16.08
2.....	131	0.10½	13.75	97	0.09	8.73
3.....	120	0.25	30.00	101	0.25	25.25
4.....	120	0.20	24.00	112	0.20	22.40
<i>Sole (Men)—</i>						
1.....	100	0.17½	17.50	91½	0.17½	16.01
2.....	115½	0.12½	14.44	100	0.10½	10.50
3.....	62	0.05	3.10	97	0.03	2.91
4.....				100	0.13	13.00

Q. And you have got these men at lasting?—A. Yes.

Q. And if there are no women working at lasting that is an operation for which there is no minimum wage.

Mr. HEAPS: There is no provision made for it.

Mr. FACTOR: The Act merely says that men employees are not to be paid less than female employees for the same kind of work; it has nothing to do whether there was a regulation or order issued for that kind of work.

The CHAIRMAN: Go ahead, Mr. Glassco.

The WITNESS: This statement S-5 has been referred to. Do you want me to deal with it further?

The CHAIRMAN: Yes, finish it.

The WITNESS: Three men, cutters, received an average rate per hour in 1934 of 20 cents, the first operator, against $18\frac{1}{2}$ cents the previous year; the next operator received $14\frac{1}{2}$ cents in 1934 against 14 cents in 1933; the next received 9 cents against 3 cents the previous year.

By Mr. Factor:

Q. A cutter must be an experienced worker or does he work on a machine? It is not a hand operation.—A. I am not quite sure of that, sir.

Mr. SOMMERVILLE: They are all machine operations nowadays.

Mr. NASH: I think a lot of them just have a hand stamp.

The WITNESS: On women's shoes the cutting is quite different from men's shoes.

Mr. SOMMERVILLE: The important one got 20 cents an hour there.

The WITNESS: The women are paid on a time basis and the rates are, therefore, quoted on a weekly rate. The rate for the first woman in the fitting department is \$9 in 1934 against \$8 the previous year; the second gets \$7 against \$5.50 the previous year; the next \$7 against \$5.50 the previous year; the next gets \$7 against \$5.50 the previous year; the next gets \$9 against \$6.50 in 1933, and the next \$6 against \$6 the previous year; that would be the same operator in each case.

Q. Now then, you come to lasting and you get men earning from 30 cents an hour to $2\frac{1}{2}$ cents an hour in 1934. The first operator received 30 cents an hour in both years; the next received 20 cents in 1934 and $19\frac{1}{2}$ cents in 1933; the next received 16 cents in 1934 against 15 cents in 1933; the next received 9 cents in 1934 against $7\frac{1}{2}$ cents in 1933; the next received $2\frac{1}{2}$ cents in 1934.

The WITNESS: $2\frac{1}{2}$ cents in 1934, not employed in 1933.

Q. And the next?—A. The next received 25 cents in 1934 and the same in 1933.

Then in the finishing department, the first operator received $16\frac{1}{2}$ cents in 1934 and 16 cents in 1933; the next received $10\frac{1}{2}$ cents in 1934 and 9 cents in 1933; the next received 25 cents in 1934 and the same in 1933; the next operator received 20 cents in 1934 and the same in 1933.

In the sole department, the first operator received $17\frac{1}{2}$ cents in 1934 and the same in 1933; the next received $12\frac{1}{2}$ cents in 1934 and $10\frac{1}{2}$ cents in 1933; the next received 5 cents in 1934 and 3 cents the previous year; and the last one was not employed in 1934 but earned 13 cents last year.

Q. As against these men's wages running up to 25 cents an hour, the number of them is so small as compared with the total number of men employed that in the end the average of the whole staff of men is only 12.2 cents per hour.—A. Yes, sir.

Q. Or \$6.71 for a 55-hour week?—A. Yes.

Mr. FACTOR: That is about the worst picture we have had yet.

Mr. SOMMERVILLE: We are coming to some more.

Mr. YOUNG: I was just wondering if the wages paid there in the making of a pair of shoes compared at all with the duty on an imported pair of shoes.

The WITNESS: I cannot say.

Mr. YOUNG: The duty is far more than the wages at those rates.

Mr. SOMMERVILLE: We have the example in this case of one departmental store price spreads set before you of the mail order department, purchasing

from this company black side leather oxfords made for \$1.43, sold at \$1.98 or a mark-up of 38.5 per cent. Now the next company, Mr. Glasco.—A. Company “D”, sir. The printed narrative on this company has been slightly altered due to further information which we have secured since this was printed.

COMPANY “D”

ANALYSIS OF PAYROLLS FOR THREE CONSECUTIVE WEEKS IN MAY, 1934 AND 1933

Summary of Averages—

	1934 Period			1933 Period		
	Number Employed	Average Weekly Wage	Average Hourly Rate	Number Employed	Average Weekly Wage	Average Hourly Rate
Females:						
Experienced.. . . .	89	\$8 52	18.4c.	65	\$9 44	15.4c.
Inexperienced.. . . .	109	5 34	12.9c.	72	6 18	11.0c.
All Females.. . . .	198	6 77	15.6c.	137	7 73	13.2c.
Males:						
Experienced.. . . .	134	7 70	17.9c.	94	11 58	18.7c.
Inexperienced.. . . .	83	5 72	13.9c.	54	8 09	13.7c.
All Males.. . . .	217	6 95	16.4c.	148	10 31	17.0c.

Weekly Earnings of Male Employees—

	1934 Period	1933 Period
Under \$4 per week.. . . .	26	4
From—\$ 4 to \$ 5 per week.. . . .	54	7
5 to 6 per week.. . . .	26	10
6 to 7 per week.. . . .	28	30
7 to 8 per week.. . . .	12	11
8 to 9 per week.. . . .	17	13
9 to 10 per week.. . . .	21	7
10 to 11 per week.. . . .	12	6
11 to 12 per week.. . . .	12	9
12 to 13 per week.. . . .	4	9
13 to 14 per week.. . . .	1	12
14 to 15 per week.. . . .	2	5
15 to 16 per week.. . . .	1	6
16 to 17 per week.. . . .	—	5
17 to 18 per week.. . . .	—	9
18 to 19 per week.. . . .	1	3
19 to 20 per week.. . . .	—	2
	217	148

The WITNESS: “D” Shoe Company. This company was incorporated under Quebec charter in March, 1926 with an authorized capital of \$30,000 in 6 per cent Cumulative Redeemable Preferred shares and \$19,000 in common shares. On 23rd August, 1927, Supplementary Letters Patent were obtained to change the name of the company to the name it now bears.

The company makes women’s McKay single sole shoes and its factory is located in a country district in the province of Quebec.

During the past five years the company’s sales increased approximately 75 per cent, to a total for 1933 of \$650,000. It made substantial profits each year and dividends were paid regularly on both the common and preferred stock, large disbursements being made in 1930. The investment in fixed assets increased from \$20,000 at the end of 1931 to \$96,000 at the 31st October, 1933, and as a result the working capital has been materially reduced.

By Mr. Sommerville:

Q. Extensions to the factory?—A. Yes, sir, since 1930.

Sales

Since 1930, over 90 per cent of the company’s sales have been to departmental stores. In 1933 sales to one departmental store were approximately \$350,000, and sales to another were about \$250,000.

By Mr. Sommerville:

Q. That is, \$600,000 out of \$650,000 to two stores?—A. Yes, to two stores. The company employs no travelling salesmen, and sales other than to departmental stores are practically all to jobbers. The same shoes are not sold to both departmental stores and jobbers.

As a result of this sales policy, the company has had no bad debt losses and its selling overhead is very much lower than that of manufacturers who sell more generally to the small retailer.

It is the company's policy, at the end of each season, to dispose of distressed or slow moving merchandise at less than regular selling prices.

Mr. SOMMERVILLE: I wonder what would happen to a company selling 90 per cent of its output to two stores, if those two purchasers happened to go elsewhere, where they were paying lower wages?

Mr. YOUNG: I wonder what would happen to the company if they were not able to sell anything to either of these two stores.

The CHAIRMAN: There is no doubt about it they are benefactors.

The WITNESS: Wages.

All employees are paid on a time basis and the rates paid are very low, substantial infringements of the Minimum Wage Act being noted.

The pay-rolls were analyzed for three consecutive weeks in May, 1933 and 1934 and the following averages obtained.

By Mr. Heaps:

Q. Were there any prosecutions taken against that firm?—A. I do not believe those people have been prosecuted, sir.

By Mr. Young:

Q. Did you make any estimate of the labour cost there is in producing a pair of shoes in any of these factories?—A. Yes, I can tell you, sir, in some of the others.

Mr. SOMMERVILLE: We will get an analysis, Mr. Young.

The WITNESS: This analysis is divided in two sections—1934 period and 1933 period.

Females.—There were 89 experienced females employed in 1934 at an average weekly rate of \$8.52 or an average hourly rate of 18.4 cents so that there has been an increase in the amount per hour earned, but due to a smaller number of hours worked there has been a decrease in the weekly earnings.

By Mr. Sommerville:

Q. For experienced females?—A. Yes.

Q. And, in that connection, is there a larger proportion of inexperienced females than is provided by the Act?—A. Yes. The Act provides for 50 per cent of apprentices and inexperienced workers.

Q. And here you have 109 as against 89?—A. Yes sir.

Q. Now the next having to do with males?—A. There were 134 experienced males employed in 1934 at an average weekly rate of \$7.70, or an average hourly rate of 17.9 cents; in 1933 there were 94 experienced males employed at an average weekly wage of \$11.58, or 18.7 cents.

Q. Now, experienced males to the number of 134 were paid a smaller wage per hour than the 89 experienced females?—A. Yes sir.

Q. The inexperienced males, of whom there are 83 in 1934, earned 13.9 cents an hour or \$5.72 a week compared with wages paid to 54 inexperienced males in 1933 of 13.7 cents per hour and \$8.09 per week?—A. Yes.

By Mr. Heaps:

Q. Can you give any reason why they have such a large number of inexperienced persons employed there?—A. This again is a new territory for the manufacture of men's shoes; it is not a territory in which there might be expected to be found a large labour supply available. The minimum wage for experienced females is 18·7 cents per hour and it will be noted that the average of all such workers was in the 1934 period only 18·4 cents.

By Mr. Sommerville:

Q. So that for all the workers they got less than the minimum wage?—A. On the average.

Mr. FACTOR: And some of the males got less than less.

The WITNESS: The proportion of females classified as apprentices is 55 per cent as against the legal limit of 50 per cent.

Of the female apprentices 83 per cent received less than the minimum wage and 20 per cent of the experienced workers were paid less than the legal rates. The extent of the underpayment was substantial and 107 female workers who should have received an average minimum of between 13·5 cents and 16·6 cents actually were paid at an average rate of 12·9 cents.

By Mr. Sommerville:

Q. 107 of them?—A. Yes sir; they should have been paid between 13·5 and 16·6 cents and they actually averaged 12·9 cents. The wages paid to male employees were reduced from the 1933 to the 1934 period while the rates of the females increased.

Q. Men got lower rates this year than last?—A. Yes, and the wages to women went up.

By Mr. Factor:

Q. Is there any union of these shoe workers in the province of Quebec?—A. No sir.

Q. They are not unionized?—A. No. Approximately one half of the inexperienced men work at an hourly rate of 10 cents.

By Mr. Sommerville:

Q. One half of the inexperienced men worked at an hourly rate of 10 cents?—A. Of the 83 inexperienced men one half approximately worked at an hourly rate of 10 cents.

In October 1933 the working week of the factory was changed from 60 hours to 48 hours and this has decreased the weekly earnings by a considerable margin. The weekly earnings of male employees in the two periods examined were as follows,—and that is the schedule on the bottom half of the analysis that was handed in and put in the record. Those are average weekly rates of the men falling into the different classes.

Q. The 48 hour period is the period that now prevails?—A. Yes sir.

Q. And last year there were 4 men who earned under \$4 a week?—A. Yes sir.

Q. And there are 54 men earning from \$4 to \$5 a week?—A. Yes sir and 7 last year.

Q. And 26 men earning from \$5 to \$6 per week?—A. Yes, and 10 last year.

Q. And 28 men earning from \$6 to \$7 a week?—A. As against 30 last year.

Q. How many men earning \$7 or under?—A. In 1934 there were 134.

Q. 134 men in 1934 are earning less than \$7 a week working 48 hours a week?—A. Yes, sir.

Q. And then there are 12 men earning from \$7 to \$8 per week?—A. Yes, sir, and 11 in 1933; 17 earning from \$8 to \$9 in 1934 against 13 in 1933; 21 earning from \$9 to \$10 per week in 1934 against 7 in 1933; 12 earning from \$10 to \$11 in 1934 and 6 in 1933; 12 earning from \$11 to \$12 in 1934 against 9 in 1933; and then they drop off in the 1934 period; 4 earning from \$12 to \$13 per week in 1934 against 9 in 1933; 1 earning from \$13 to \$14 in 1934 against 12 in 1933; 2 earning from \$14 to \$15 in 1934 against 5 in 1933; 1 earning from \$15 to \$16 in 1934 against 6 in 1933; none earning from \$16 to \$17 in 1934 against 5 in 1933; none earning from \$17 to \$18 in 1934 against 9 in 1933; 1 earning between \$18 and \$19 in 1934 against 3 in 1933; none earning from \$19 to \$20 in 1934 against 2 in 1933.

Q. Then in that company we find we have had some evidence of spreads in some of the departmental stores. Company "D" supplied some of the department stores, one item women's shoes supplied at \$1.10 a pair sold at \$1.95, an initial mark-up of 76.95 per cent. Another item, brogue oxfords bought at \$1.22 sold at \$1.98, mark-up 78 cents or 62.3 per cent; another item bought at \$1.22 sold at \$1.98, mark-up 76 cents or 63 per cent. Then calf skin shoes \$1.32, sold for \$2, mark-up 68 cents or 51.5 per cent; black pumps \$1.32, sold at \$1.98, mark-up 66 cents or 55 per cent. Another item \$1.17, sold at \$1.69, a mark-up of 44 per cent. In another company that has been before us, the goods from company "D," shoes, bought at \$1.44 sold at \$2.29, a mark-up of 70.90 per cent; and three other items, 67.80, 67.80 and 65 per cent.

Now, let us have the next company, company "E"?—A. The next company was started by a family in 1865, and was incorporated under Quebec charter in 1903 with an authorized capital of \$40,000. In March, 1933, certain members of the family withdrew from the company and voluntary winding-up proceedings were instituted. Letters patent were obtained in July, 1933, incorporating the company under its present name and giving effect to an authorized capital of \$80,000, of which \$41,300 is paid up. The capital is all held by the family or employees of the plant. The company makes men's, women's and children's shoes.

The company's operations resulted in small annual profits up to 1933, in which year, due to the reorganization, the plant was closed down for a period and an operating loss was suffered. The investment in inventories is relatively high, but the working capital appears sufficient for current needs. The company experienced heavy losses in bad debts during the past four years.

The greatest part of the company's business is done with small retailers, the department stores and jobbers only taking 2.3 per cent and 18.7 per cent respectively of the company's output in 1932, and 3.4 per cent and 12.8 per cent in 1933.

The company issues standard price lists for each range of shoes as A, B and C price lists, the A being the lowest range and the prices at which sales are made to buyers with good credit ratings. An examination of the invoices revealed the fact that no preference over this price list was given to department stores or other large buyers, the small retailers of good credit standing obtaining shoes at the same prices as large buyers.

Wages—

The Company operates its factory entirely on a piecework basis and maintains proper records both as to hours worked and experience of female pieceworkers. No information was available, however, as to hours worked by male employees. The labour turnover is relatively small and the wages paid appear to be well above the minimum rates set by the Quebec Minimum Wage Board.

An examination of the wage records showed that the following rates were paid during selected periods in 1932, 1933 and 1934:—

		Experienced Female Workers	Inexperienced Female Workers
Average Weekly Earnings	1932....	\$ 8.49	—
“	“ 1933....	11.30	\$6.57
“	“ 1934....	9.69	8.25

The average hourly rate of all female pieceworkers in May, 1934, was 22½ cents.

The average wage for experienced male workers for the periods examined was \$10.60 per week in 1932 and \$12.46 in 1933, and the average for inexperienced workers was \$4.66 per week in 1932 and \$7.48 in 1933.

In the absence of information as to the hours worked by male pieceworkers, it is not possible to make a comparison on an hourly basis.

Q. A small proportion of their output goes to the department stores?—
A. Yes.

Q. The conditions there are better than in other places?—A. Yes.

Q. Then, take the next company.

The CHAIRMAN: Company “F.”

The WITNESS: This company was incorporated under provincial charter dated 18th August, 1927, and commenced business about the end of 1927. It was originally started as a community business and was sponsored by the local chamber of commerce of one of the towns in the province, about fifty residents in the town subscribing for the stock. After the company had operated for a short time, one of the families became interested in its operations and purchased the small lots of stock outstanding in the hands of the original subscribers.

The company now has an authorized capital of \$75,000, of which \$35,300 is issued and fully paid. The company manufactures low priced men's and women's shoes in a city in Quebec, employing approximately 250 people.

The company made moderate profits in the past five years which represent a fair return on the invested capital, amounting at 31st August, 1933, to approximately \$43,000.

During the past year the company built a new plant and obtained a mortgage from the municipal authorities for \$17,000. \$7,000 of this mortgage bears interest at 4 per cent per annum and is repayable at the rate of \$1,400 per year, commencing 2nd January, 1934. In accordance with an agreement dated 8th September, 1932, the balance of the mortgage of \$10,000 will be donated to the company by the city after the company has paid a total of \$500,000 in wages.

The company sells to departmental stores, jobbers and smaller retailers, and sold 46.88 per cent and 40.63 per cent of its total output to departmental stores, chain stores and jobbers during 1932 and 1933 respectively. The total sales to this class of buyer were \$159,305.08 in 1932 and \$138,760.61 in 1933. The following summary gives the percentage of sales to total sales made to one of the stores, the company's largest customer, during these years.

By the Chairman:

Q. That is a western distributor?—A. A western distributor.

	Sales	Percentage of Total
1932..	\$96,919 53	28
1933..	76,769 40	22

The sales were analyzed for the purpose of determining whether the large buyers enjoyed a price advantage over smaller retailers, but apart from concessions made to clear slow or obsolete lines, selling prices generally appeared uniform.

There was evidence, however, of certain sales, particularly those to this western distributor, at considerably reduced prices. These, the company's

officials stated, were sold at unusually low prices for the purpose of keeping the factory busy. Particulars of these sales are shown in statement S-6 which gives the complete spread from the factory cost to the retail selling price of the distributor. Do you want to deal with that statement S-6 now?

Q. Just finish with the narrative first?—A. Wages: Officials stated that as there was no shoe factory in the vicinity of this town when this company commenced operations, it was necessary to train their own employees,—

By Mr. Sommerville:

Q. That was back in 1927?—A. Yes.

Q. They ought to be trained by this time. Will you continue?—A. — which resulted in the employment of a great many inexperienced operators. The proportion even at the present time is two inexperienced workers to every one experienced. The company employs a number of boys whose ages range from 15 to 20, who start work at rates of \$2 to \$3 a week. The management stated that their wages are increased in accordance with their experience and ability rather than upon any definite scale.

Q. You mean from \$2 to \$3?—A. About that, sir. Up until the beginning of 1934, the company kept no complete record of hours worked or experience of either male or female workers.

Q. How could you find out whether they complied with the minimum wage law?—A. We could not, except by using averages. The minimum wage rates in force in this town range from \$6 per week ($12\frac{1}{2}$ cents per hour) for inexperienced operators, to \$10 (20·8 cents per hour) for fully experienced workers. (Working week of 48 hours.)

An indication of the low wages paid by this company in March, 1933, was obtained by analyzing the wages for three consecutive weeks. There were 82 employees, both male and female, receiving less than an average of \$6 per week; and of these 41 received an average weekly wage of less than \$4.

Q. Both male and female?—A. Yes. The wage records for March, 1934, disclosed infringement of the Minimum Wage Act in the proportion of female apprentices which was approximately 66 per cent of the total females employed, 50 per cent being the legal limit. Over 38 per cent of the female apprentices employed were paid less than the minimum of $12\frac{1}{2}$ cents per hour, the earnings of some workers being less than 7 cents an hour and 11 earning less than 10 cents an hour. Among the experienced female workers there were a number of instances where the wages paid were below the legal minimum rates.

The Minimum Wage Act does not apply to male employees and no records were available for 1933 from which could be determined the hourly earnings of the male employees. In March, 1934, however, out of a total of 141 male employees, 43 earned less than 10 cents an hour.

By Mr. Factor:

Q. Do you know what the others earned, the balance, on an average?—A. The men?

Q. Yes, males; 43 earned less than 10 cents an hour. What about the others?—A. I think I can give you that better on a weekly basis. There were 23 who earned less than \$4 a week; 17 earned between \$4 and \$5; 5 earned between \$5 and \$6; 16 earned between \$6 and \$7; 5 earned between \$7 and \$8 and one earned between \$8 and \$9, making a total of 67 employees earning at \$9 and under.

By Mr. Sommerville:

Q. 67 men?—A. Yes. Between \$9 and \$10 there were 3 employees; and over \$10 there were 70 employees, making a total of 140.

Q. Of those earning less than 10 cents an hour you have a total of 43?—A. 43, in the last paragraph there.

Q. Those were all male employees?—A. Yes.

EXAMPLES OF COSTS AND PRICE SPREADS ON SHOES SOLD TO A WESTERN DISTRIBUTOR

Description	Manufacturer's Cost				Manufacturer's Gross Profit or Loss	Manufacturer's Selling Price	Sales Tax and Freight	Dept. Store's Laid Down Cost	Dept. Store's Initial Mark Up	Dept. Store's Initial Selling Price	
	Material	Labour	Overhead and Commission								Total Cost
			\$	cts.								$	cts.
A. Manufactured by Company "F"—											
No. 81 Girls' Black Oxfords.....	0.61	0.35	0.14		1.10	1.07	0.11	1.18	0.77	1.95	
No. 82 Women's Black Oxfords.....	0.71	0.30	0.31		1.32	1.35	0.13	1.48	0.50	1.98	
No. 83 Women's Patent Strap Shoes	0.60	0.29	0.23		1.12	1.00	0.10	1.10	0.25	1.35	
No. 84 Women's Patent One Strap Shoes.....	0.59	0.30	0.21		1.10	1.05	0.11	1.16	0.33	1.49	
No. 85 Women's Black Pumps.....	0.69	0.32	0.24		1.25	1.40	0.13	1.53	1.22	2.75	
No. 86 Women's Black Kid Tie.....	0.59	0.30	0.21		1.10	1.25	0.12	1.37	0.58	1.95	
No. 87 Girls' Sport Oxfords.....	0.86	0.40	0.29		1.55	1.50	0.15	1.65	0.90	2.55	
No. 88 Black Tie (Five Eye).....	0.67	0.30	0.24		1.21	1.25	0.12	1.37	0.88	2.25	
No. 89 Women's One Strap.....	0.68	0.33	0.24		1.25	1.25	0.09	1.34	0.64	1.98	
No. 90 Black Calf (Four Eye).....	0.73	0.33	0.24		1.30	1.30	0.12	1.42	0.83	2.25	
No. 91 Women's Black (Four Eye).....	0.63	0.30	0.23		1.16	1.10	0.12	1.22	0.37	1.59	
No. 92 Women's Patent Strap.....	0.63	0.30	0.22		1.15	1.10	0.11	1.21	0.54	1.75	
B. Manufactured by Company "G"—											
No. 78 Cosy Felt Slipper.....	0.111	0.05	0.02 ³ ₄		0.19	0.27	0.03	0.30	0.15	0.45	
No. 16 Women's Assorted House Shoes.....	0.30	0.15	0.07		0.52	0.57 ¹ ₂	0.06 ¹ ₂	0.64	0.31	0.95	
No. 17 Women's Sheep Kid Oxfords.	0.33	0.15	0.07 ¹ ₂		0.55 ¹ ₂	0.67 ¹ ₂	0.07 ¹ ₂	0.75	0.32	1.07	
No. 14 Men's Oxfords.....	0.74 ¹ ₂	0.27	0.08 ¹ ₂		1.09 ¹ ₂	1.25	0.14	1.39	0.56	1.95	

Note.—The above costs are all estimated—no cost records were available which would permit of a check as to the accuracy of the figures.

Q. Now, let us refer to the statement S-6. In this case you were able to follow through the goods that were manufactured and find out what the cost of manufacture was, the result to the manufacturer, and to follow through to the retail selling price?—A. We secured the estimate of the officials of the company.

Q. I beg your pardon?—A. We secured the estimate of the officials. There is no cost system.

Q. You have the estimate of the officials as given to you on these particular items?—A. Yes.

By Mr. Factor:

Q. Of the manufacturing company?—A. Yes.

By Mr. Sommerville:

Q. Officials of the manufacturing company?—A. Yes.

Q. And these were items which you had taken from the advertisements of the distributing company?—A. Yes.

Q. And followed them back?—A. Yes.

Q. All right. Take item 81?—A. No. 81, girls' black oxfords, material 61 cents; labour 35 cents; overhead and commission—commission includes 2 per cent paid to an agent in western Canada on all business, which has been added into the overhead—14 cents, making a total cost of \$1.10. Sold for \$1.07 or a gross loss of 3 cents.

Q. 14 cents represents the entire amount for factory overhead?—A. And special commission on the sale.

Q. And commission; and also executive overhead?—A. No, sir.

Q. Management?—A. No, sir.

Q. That is not in that?—A. No.

Q. What does that overhead cover?—A. The overhead would cover everything except the direct administrative and selling expenses of the company.

Q. So that there was, therefore, no contribution towards the administrative expenses of the company; but there was, in fact, a loss of 3 cents a pair on these shoes?—A. Yes.

Q. Without taking into consideration administrative costs?—A. Exactly.

Q. The manufacturer's selling price was \$1.07?—A. Yes. Sales tax and freight amounted to 11 cents, making \$1.18 the distributor's or retailer's laid down cost. The mark-up was 77 cents, the initial mark-up, and the initial selling price was \$1.95.

Q. Yes?—A. The second item, No. 82, women's black oxfords, material was 71 cents; labour, 30 cents; overhead and commission, 31 cents; a total cost of \$1.32. Sold at a gross profit of 3 cents, at \$1.35. Sales tax and freight was 13 cents, making a laid down cost to the distributor of \$1.48; 50 cents mark-up, an initial selling price of \$1.98.

By Mr. Young:

Q. In that case the labour cost was 30 cents?—A. The manufacturer's labour cost is 30 cents.

Q. And if I remember rightly, the duty would be about 53 cents on that pair of boots or shoes?

The CHAIRMAN: Just what has that got to do with it?

Mr. YOUNG: I was just wondering whether it pays to manufacture shoes, when you pay 53 cents duty on a pair of boots in order to protect 30 cents worth of labour.

The CHAIRMAN: It might be more interesting to know the spread in the distributing point as against the labour cost of manufacturing locally.

Mr. YOUNG: We will analyze that also.

Mr. KENNEDY (*Winnipeg*): That spread which Mr. Young is talking about being less than the duty might be taken care of if the provincial authorities saw that higher wages were paid.

Mr. YOUNG: What is that?

Mr. KENNEDY (*Winnipeg*): If the provincial authorities saw that higher wages were paid to these men, would not that be more to the point?

Mr. FACTOR: There is no minimum wage for men.

Mr. KENNEDY (*Winnipeg*): No. I say if it was established and was enforced.

Mr. HEAPS: To me a rather interesting fact is this, that in spite of the high tariff duties on boots, they still lose money when they sell them.

Mr. YOUNG: Yes, there is something wrong.

Mr. KENNEDY (*Peace River*): No bearing on the cost at all.

Mr. HEAPS: Take your overhead and commission, it is more than your actual labour cost.

Mr. SOMMERVILLE: In that particular case, yes.

The WITNESS: You were asking about items which came after the gross profit, which the gross profit has normally to cover. There are office salaries in this company. In 1933 there were office salaries of \$10,000; general expenses and office supplies of about \$2,800; sundry expenses, collection expense, insurance, taxes, directors' fees, provision for bad debts, \$5,000; \$20,000 in all.

By Mr. Sommerville:

Q. \$20,000 that has to be covered by the manufacturer's profit?—A. Yes; and then you have another \$21,000 of selling expenses. You have in here, however, a special commission which is payable on these sales. A large portion of these selling expenses are in, but the administrative expenses are not in.

By Mr. Factor:

Q. \$20,000 administrative expenses?—A. Yes.

Q. And the turn-over was how much?

Mr. SOMMERVILLE: \$175,000.

The WITNESS: No, \$340,000.

By Mr. Sommerville:

Q. What is the next item?—A. The third item, No. 83, women's patent strap shoes, 60 cents material; 29 cents labour; 23 cents overhead and commission, making a total cost of \$1.12. Sold at a gross loss of 12 cents, at \$1. Sales tax and freight are 10 cents; laid down in the distributor's hands at \$1.10. The initial mark-up was 25 cents, and the initial selling price \$1.35.

Q. They laid them down in the distributors' hands at less than the cost?—A. Yes.

Q. Without any manufacturer's overhead?—A. Yes, without any administrative or selling overhead. No. 84, women's patent one-strap shoes, the material was 59 cents; labour 30 cents; overhead and commission 21 cents, a total cost of \$1.10. Sold at a gross loss of 5 cents at \$1.05. Sales tax and freight amounted to 11 cents, making the laid down cost to the retailer \$1.16. The initial mark-up was 33 cents and the initial selling price \$1.49.

Q. And the next item?—A. No. 85, women's black pumps, 69 cents for material; 32 cents for labour; 24 cents for overhead and commission, a total cost of \$1.25. Sold at \$1.40, making a 15 cent gross profit. 13 cents were added to the \$1.40 for sales tax and freight, making \$1.53 the laid down cost. The initial mark-up was \$1.22, and the initial selling price \$2.75.

Q. And that mark-up was as much as the entire cost?—A. Approximately.

Q. Approximately?—A. Yes, \$1.22 initial mark-up; and the total cost, factory cost, was \$1.25.

Q. That is including overhead and commission?—A. Yes. Then No. 89, women's one-strap shoes, 68 cents material; 33 cents labour; 24 cents overhead and commission, making a total factory cost of \$1.25. Sold at \$1.25; sales tax and freight, 9 cents, making the laid-down cost to the retailer \$1.34. The mark-up was 64 cents, and the initial selling price was \$1.98. The next one is one sold at a factory cost of \$1.30. The last four items on this schedule are a lot of another manufacturer, with whom we have not dealt.

Q. You are going to deal with him now?—A. Yes.

Q. Give us the first one?—A. The first one is No. 78, cozy felt slipper, material cost $11\frac{1}{4}$ cents, labour 5 cents, overhead and commission—no commission in this one sir— $2\frac{3}{4}$ cents overhead, making a total cost of 19 cents, sold at 27 cents, giving the manufacturer a gross profit of 8 cents; sales tax and freight 3 cents, making a laid down cost of 30 cents, initial mark-up 15 cents, and initial selling price 45 cents.

Mr. FACTOR: Were these sold to the same distributor?

The WITNESS: Yes, sir. The second item No. 16, women's assorted house shoes; material cost, 30 cents, labour 15 cents, overhead 7 cents, total cost 52 cents, manufacturer's gross profit, $5\frac{1}{2}$ cents, manufacturer's selling price, $57\frac{1}{2}$ cents, sales tax, and freight, $6\frac{1}{2}$ cents, laid down cost to the retailer, 64 cents, initial mark-up 31 cents, initial selling price 95 cents. These all show a fair gross profit to the manufacturer. The last item is men's oxfords, material $74\frac{1}{4}$ cents, labour 27 cents, overhead and commission $8\frac{1}{4}$ cents, making a total cost of \$1.09 $\frac{1}{2}$ cents; gross profit $15\frac{1}{2}$ cents, manufacturer's selling price \$1.25, sales tax and freight 14 cents; making a laid down cost of \$1.39, to which 56 cents was added, initially, making the initial retail price \$1.95.

Q. It will be observed the labour cost of the last two items are very much lower than the labour cost of the company above. That will be reflected in the next statement. This last company also distributes through other department stores? That is the last mentioned company?—A. Manufacturer, yes.

Q. G.—A. Yes, we are coming to that now. This is not an incorporated company, but is a registered business of an individual who started business about eight years ago, with, so far as can be ascertained, little or no capital. It has grown in the last eight years from a one man business to a company which now employs about 350 hands. The company is engaged in the manufacture of low priced men's, women's, and children's shoes, slippers and sandals, and has a plant in the city of Montreal. The company made substantial profits in each of the last four years and these have been largely reinvested in the business which at 31st December, 1933, had a net worth of approximately \$48,000.

Sales

The sales for the past three years have been as follows: 1931, \$209,000; 1932, \$267,000; 1933, \$391,000.

The above reflect a very large turnover in proportion to invested capital and the inventories employed at 31st December are shown to have not exceeded \$15,000 in any of the past four years.

Q. \$15,000?—A. Yes.

Q. According to their inventories?—A. According to their record.

Q. How could a company do a \$391,000 business on a \$15,000 inventory?—A. It is an extraordinary turnover, sir.

Q. It may be more than that.

Mr. NASH: They turnover stock once every two weeks.

Mr. SOMMERVILLE: If the inventory is correct; if it is not correct, it may affect other things.

Mr. YOUNG: Is it not a correct inventory?

The WITNESS: I cannot say that, sir. The sales for 1932 and 1933 were analyzed and the proportion of sales to departmental stores and others found to be as follows:—

	Percentage	
	1932	1933
Chain Stores and Departmental Stores..	48.96	51.06
Jobbers..	8.22	28.00
Retailers..	42.77	20.94

The company's largest customer in 1933 was one of the department stores, which purchased merchandise to the amount of \$84,000. Due to the difference in manufacturing specifications and design, and to the practice of not selling the same shoes to both large and small customers, it was not possible to determine what price advantage the large buyers enjoyed over smaller retailers.

Wages

The company has a time clock with capacity for 100 employees and there are approximately 350 people employed.

Mr. SOMMERVILLE: Three on one ticket?

The WITNESS: They could not all punch the clock. The records throughout were most incomplete and comparable statistics as to wages in the past two years could only be obtained for that portion of the staff for which information was available.

Employees are paid both on a time basis and on a piecework basis and the earnings are very low. The analysis made covered three consecutive weeks in October, 1933, and October, 1932, this being normally the peak of the company's manufacturing activity.

Infractions of the Minimum Wage Act were noted in the proportion of apprentices which in the 1933 period comprised 90 per cent of the total females employed.

By Mr. Sommerville:

Q. Ninety per cent of all their females were rated as apprentices or inexperienced?—A. Yes, sir.

Q. The minimum wage law limits it to 50 per cent?—A. Yes.

The CHAIRMAN: This was in a city where there was an abundance of labour available?

The WITNESS: Yes.

By Mr. Heaps:

Q. Has the firm ever been prosecuted by the Minimum Wage Board?—A. Recently it has.

Q. Prior to the investigation was there any prosecution that you know of?—A. I do not know that this company has been; I don't believe it has, sir. Approximately 40 per cent of the females with less than six months' service (no record of experience in the trade) received less than the minimum wage of 14½ cents per hour.

The average earnings of the employees in the periods examined were as follows:

	October, 1933		October, 1932	
	Weekly Wage	Hourly Rate	Weekly Wage	Hourly Rate
Female workers—				
All females..	\$8 75	19.3c.	\$7 14	14.0c.
Timeworkers only..	8 65	18.0c.	7 15	14.1c.
Pieceworkers only..	9 17	20.8c.	7 07	13.0c.

By Mr. Sommerville:

Q. You say approximately 40 per cent of the females?—A. Yes. The law insists that in the first six months of experience, everybody shall receive the minimum wage for pieceworkers; in the succeeding periods of apprenticeship, the 80 per cent clause applies as it does in Ontario, but in the first scale they must all receive the minimum wage.

Q. For the first six months?—A. Yes.

Q. This is on the basis of 14½ cents an hour?—A. 14½ cents an hour.

Q. In this area?—A. Yes.

Q. Taking the corrected schedule, as the typewritten schedule?—A. Yes.

Q. For all?—A. For all females.

Male workers.—

All males.. . . .	\$9 39	....	\$9 25	....
Timeworkers only.. . . .	8 98	16.0	9 62	17.5
Pieceworkers only.. . . .	9 80	....	8 87	....

Mr. FACTOR: How many males are there out of the 300?

The WITNESS: 179.

Mr. SOMMERVILLE: How many females?

The WITNESS: 42.

Mr. HEAPS: It is cheaper to have men working than women?

Mr. SOMMERVILLE: Yes; they are taking it out of the men.

The WITNESS: The above weekly earnings are for approximately 55 hours and the hourly rates compare with the legal minimums of 14½ cents to 20·8 cents for apprentices and 22·9 for experienced females.

Mr. FACTOR: Do you know how many of the 179 are married men?

The WITNESS: I believe that is available.

Mr. SOMMERVILLE: Yes. We will get that in the statement before we complete this company. The legal minimum wage in Quebec for women apprentices is 14½ cents to 20·8 cents?

The WITNESS: Yes.

By Mr. Sommerville:

Q. For women?—A. Yes.

Q. In this case they paid 89 men an average of 16 cents an hour?—A. Yes.

Q. For the timeworkers?—A. For the timeworkers.

By Mr. Heaps:

Q. These men had been there for some time?—A. I am not sure of the 89, but a substantial portion of the 179.

Q. Then, the figure of 89 is not correct?—A. A substantial number of the 179 were timeworkers who received 16 cents an hour. The male workers include a number classified as boys whose ages appear to be from 17 to 21, and while the low rate of pay is illustrated by the above, it was noted that out of the 180 males employed in October, 1933, 86 received less than the minimum wage for girl apprentices.

Q. Practically 50 per cent?—A. Yes.

Q. Practically 50 per cent of the men received less than the minimum wage?—A. Less than the minimum wage.

Q. For girl apprentices?—A. For the first six months.

Q. The lowest wage?—A. Yes.

Mr. FACTOR: They were not boys, but men?

The WITNESS: They would include boys 17 to 21. Of these, 41 received less than \$6 per week, 55 hours, the equivalent to 10.9 cents per hour.

6 received less than \$3 equivalent hourly rate	5.4 cents
13 received less than 4 equivalent hourly rate	7.2 cents
22 received less than 5 equivalent hourly rate	9.1 cents
41 received less than 6 equivalent hourly rate	10.9 cents

The male employees make up approximately 80 per cent of the payroll and while the wages of the females were brought up close to the minimum wage scale in 1933, the male workers were not similarly increased. It will also be noted that the timeworkers received less favourable treatment than pieceworkers.

The labour turnover is very high in this plant and a number of foreign workers are employed. Over half the employees are shown to have less than six months' service.

Receipts for wages signed by employees were noted to be in blank as to the amounts.

By Mr. Sommerville:

Q. The employees just signed a receipt and there is no amount shown indicating the wages they got?—A. No.

Q. Just before we leave that, a question was asked, how many of these men were married men?

Mr. FACTOR: Out of 179?

Mr. HURSON: 126.

Mr. T. B. HURSON, called and sworn.

By Mr. Sommerville:

Q. You are associated with the investigation into this particular company? —A. I am, sir.

Q. And now under consideration. How many of the male employees are married?—A. 126.

Q. Out of— —A. 172.

Q. And did you investigate as to conditions in the factory generally?—A. I did, sir.

Q. What do you say as to the conditions you found there from your inquiries from the employees?—A. Very, very low wages were paid.

Mr. FACTOR: We have information on that.

The WITNESS: And the actions of the proprietor. He would go around and watch the men on the machines, and he would say, "What am I paying \$6 a week for; slow like that; faster." And then within the last two weeks, there has been two accidents; one man lost his finger, and another had a piece taken out of the thumb here. I confirmed that by reports of accidents to the board in Quebec.

By the Chairman:

Q. Speak a little louder, please. You say there were two accidents as a result of the attempt to speed up the work?—A. Yes.

Q. By the proprietor?—A. Standing behind the machine.

Q. Approaching and standing over his men?—A. Yes.

By Mr. Sommerville:

Q. Did you inquire into the question of wages as to whether or not these married men had dependents upon them?—A. I did. The number of children for these 126 is 401.

Q. You found among the 126 men 401 children?—A. Dependents.

Q. Dependents?—A. Yes.

Mr. EDWARDS: These men were getting \$6 a week?

The WITNESS: Some were getting \$6 and \$7.

Mr. FACTOR: The highest is \$9.80.

By Mr. Heaps:

Q. How did these people live?—A. I only spoke to Austrians, and I asked one of them how he lived, and he explained to me that four of them lived together, four families, and he said, "I bring a slice of bread for my lunch; that is all I got."

Mr. EDWARDS: They are Europeans, not Canadians?

The WITNESS: Austrians and Italians.

The CHAIRMAN: They are in Canada.

Mr. BOULANGER: They are human.

Mr. YOUNG: Did you investigate any of the factories where they paid decent wages, or is there such a thing?

The WITNESS: This is the only shoe factory I investigated.

Mr. FACTOR: You did not investigate the others?

The WITNESS: No, sir.

Mr. SOMMERVILLE: This is one condition you were looking after here.

The WITNESS: Yes, sir.

Mr. YOUNG: Did you investigate any factories where they pay decent wages?

Mr. GLASSCO: Yes, sir; two of these were all right.

Mr. HEAPS: What do you call "decent"?

Mr. YOUNG: A living wage. If there are any factories that do that, we want to know who they are.

Mr. J. G. GLASSCO, recalled.

By Mr. Sommerville:

Q. You investigated certain factories, whose goods have been advertised by the department stores as you were requested to do—A. Yes.

Q. And these are the eight?—A. Yes.

Q. Eight of them that you have referred to?—A. Yes.

Mr. FACTOR: Is there any way we can investigate the Ontario factories?

The CHAIRMAN: We can, if the expenses justified it, and time is given. What we are trying to do here is to show what enters into this whole merchandising scheme, and there is much more of this character to follow. When we get through with what we have, we will have to determine what we shall do.

Mr. HEAPS: Would not this be a fair indication of the general conditions in the shoe industry?

The CHAIRMAN: I would not want to answer that categorically. I have my own opinion, but I would not want to answer that in an official way. The facts we have merely deal with the advertising of the department stores.

Mr. HEAPS: Have you investigated any shoe factories in Ontario?

Mr. SOMMERVILLE: We have no reports on them. There are very few of them supplying department stores.

Mr. HEAPS: That is very important.

Mr. SOMMERVILLE: When we found the furniture factories were mostly in Ontario, we had them investigated.

Mr. FACTOR: Of course it is a fact that a substantial portion of the supply of the department stores came from Quebec?

Mr. HEAPS: I have had letters from shoe factories in Ontario where the wage conditions in the factories are totally different from what they are in the province of Quebec. The fixed minimum wage in Ontario is so much higher than in the province of Quebec.

The CHAIRMAN: There is no doubt about that.

Mr. SOMMERVILLE: Before we leave this particular company, let me say that we have had evidence before us, which was given in the price spreads, of some of the department stores, mail order division of this company, of slippers made by the last named company, purchased at 41 cents, and sold for 75 cents, a mark-up of 34 cents, 80·72 of a mark-up; and another one, boudoir slippers, purchased at 45 cents, sold at 69 cents, or a mark-up of 53 per cent. Let us have the next company, Company H.

The WITNESS: This company was incorporated by Quebec Charter on the 23rd February, 1932—

The CHAIRMAN: Now, wait one minute. Mr. Sommerville indicates that there are one or two others, and I do not think we can finish this phase of it to-night; and we certainly have had a hard day, at least I feel that it has been hard. Look after the statements that have been handed out, they must not be left around so that individuals can pick them up as I understand they were doing here to-day.

We will adjourn until eleven o'clock to-morrow morning.

The Committee adjourned at 5.55 o'clock p.m. to meet again on Thursday, June 21, 1934, at 11 o'clock a.m.

HOUSE OF COMMONS, ROOM 368,

June 21, 1934.

The Special Select Committee on Price Spreads and Mass Buying met at 11 a.m., the Hon. H. H. Stevens, presiding.

Mr. Norman Sommerville, K.C., of Toronto, and Mr. W. W. Parry of Toronto, appeared as counsel for the committee.

The CHAIRMAN: The minutes of yesterday's meeting indicate the names of certain witnesses called and documents filed; I declare the minutes approved.

Mr. J. GRANT GLASSCO, called.

By Mr. Sommerville:

Q. We were dealing with company "H" when we adjourned last evening, Mr. Glassco?—A. Yes.

Q. Will you just proceed with that company?—A. This company was incorporated on the 23rd February, 1932, and began operation in a small town in the province of Quebec. Its authorized capital is 500 common shares of \$100 each and 250 6 per cent non-cumulative, non-voting preferred shares of \$100 each. The paid-up capital is \$35,000.

From its inception to 30th June, 1933, the company suffered a small loss and had total sales of approximately \$75,000. The greater portion of the company's capital is invested in fixed assets and the working capital appears limited. The company manufacturer exclusively ladies' medium priced shoes.

Sales

An analysis was made of the company's sales from its inception to 30th April, 1934. During the first 18 months 19 per cent of the total sales were to departmental stores, and in the succeeding ten months 23 per cent were to this class of customer. The company's largest customer among departmental stores is a western distributor. There was no evidence of price concessions on regular merchandise sold to large buyers.

Wages

The company's employees are paid on both time work and piece work basis. The rates paid are particularly low in the case of male employees and infractions of the Minimum Wage Act were noted in the case of female employees.

The payrolls were analyzed for three consecutive weeks in May, 1933, and 1934, and showed the following averages:—

Summary of Averages	1934 Period			1933 Period		
	Number Employed	Average Weekly Wage	Average Hourly Rate	Number Employed	Average Weekly Wage	Average Hourly Rate
		\$ cts.	cents		\$ cts.	cents
All Female Workers.....	48	6 83	13·8	41	3 87	.....
Experienced Timeworkers..	1	9 80	18·7	1	7 75	14·9
Experienced Pieceworkers..	7	10 69	19·8	4	8 20	.....
Inexperienced Timeworkers	5	6 76	13·9	7	3 19	10·9
Inexperienced Pieceworkers.	35	6 01	12·3	29	3 31	.....
All Male Workers.....	71	4 71	.....	48	6 02	.....
Experienced Timeworkers..	1	2 43	5·0	2	20 54	31·3
Experienced Pieceworkers..	3	15 68	.....	2	2 57	.....
Inexperienced Timeworkers	15	4 67	11·3	20	5 97	10·0
Inexperienced Pieceworkers.	26	5 91	.....	17	5 94	.....
Boys—Timeworkers.....	24	2 32	4·2	6	2 97	5·0
Boys—Pieceworkers.....	2	2 83	.....	1	3 33	.....

In 1934 in the period we examined, there were 48 female employees whose average weekly wage amounted to \$6.83, an average hourly rate of 13·8 cents. In 1933, there were 41 employees, the average weekly wage amounted to \$3.87. No comparable figure was obtainable in regard to the average hourly rate for 1933 due to the condition of the records.

Q. For all females employees?—A. For all females.

Q. That was for a 48 hour week?—A. I think they worked a 48 hour week, yes, sir. The 48 female employees consisted of one experienced timeworker, 7 experienced pieceworkers, 5 inexperienced timeworkers, and the majority fell into the class of inexperienced pieceworkers, of whom there were 35.

Q. Of 48 women employed there was only one experienced timeworker on the job?—A. Yes.

Q. Seven experienced pieceworkers?—A. Yes.

Q. And 40 were inexperienced?—A. Yes.

Mr. FACTOR: Is that based on the minimum wage regulations?

The WITNESS: Yes, sir, having less than two years experience.

By Mr. Heaps:

Q. What is the difference between an experienced and inexperienced employee in a shoe factory if they are working on a piecework basis?—A. Well, if an experienced operator has two years experience in the trade, she can probably operate more quickly than an apprentice.

Q. The class of work they do in those shoe factories is so mechanical that in a few hours they become fairly efficient? Is there any difference in the wage rate in the case of a person employed six months and another one employed three years? Is there any difference in the piece rate?—A. I do not believe that there are different rates for the same operations, but I believe the more experienced girls are doing the more difficult operations which carry higher rates, and which enables them to earn more.

By Mr. Sommerville:

Q. Whether they are working on timework or piecework, the minimum wage law says the wage for the first six months shall be not less than so and so?—A. Yes, sir.

Q. For the second six months, it shall be a dollar higher, and for the third six months, a dollar higher, and for the fourth, a dollar higher?—A. Yes.

Q. So in each six months' period, a person automatically becomes entitled to one dollar more than the previous as a minimum, and the four-six months' periods constitute what is called a period of inexperience?—A. Or apprenticeship.

Q. From the standpoint of the law?—A. Yes.

Q. Now, a person may be thoroughly efficient at the end of one year, in actual fact—

Mr. HEAPS: I venture to say at the end of one week.

The CHAIRMAN: Mr. Heaps, it is a question of law. We may express our view later on that feature of the law, but at the moment we cannot alter it.

Mr. HEAPS: What I am trying to get at is this: I was wondering whether there is any difference in the piecework rate paid to a beginner, and the piecework rate paid to one there 12 or 18 months?

The CHAIRMAN: In law there is a difference. Mr. Glassco will answer that. Under the law, a worker who has worked more than six months, is entitled to a higher minimum rate than a person who has worked less than six months?

The WITNESS: Yes.

Mr. HEAPS: Are the piecework rates the same when a person starts working in a factory, as the rates at the end of 18 months?

Mr. EDWARDS: Why should there be any difference?

The CHAIRMAN: The law is there. The rates are the same, but there is a variation in regard to the first six months, the second six months, the third six months, and so on.

Mr. HEAPS: In regard to the earnings; the piecework rates are probably the same.

Mr. SOMMERVILLE: Assume they are.

The WITNESS: We have no evidence of varying piece rates for the same operation, and I should like to make that clear.

Mr. EDWARDS: I wish to submit you cannot have an alteration in the piecework rates; the piecework rates are set.

Mr. YOUNG: By whom?

Mr. EDWARDS: Well, it depends on the sort of institution. Sometimes the union officials in the shop set the price, along with the foremen of the shop. It is arranged.

The CHAIRMAN: Insofar as Quebec is concerned, Mr. Francq in his evidence said the method was for the shop, the workers, and a representative of the company to fix the schedules, and the minimum.

Mr. HEAPS: Am I to assume they fixed that \$2.50 schedule there?

Mr. FACTOR: They can do anything they like.

Mr. HEAPS: Did they fix a minimum of \$2.50 for boys?

The CHAIRMAN: There is no law regarding boys at all.

Mr. SOMMERVILLE: Assuming the piecework rate would be uniform for the same operation, whether six months or eighteen months, yet the pieceworker is entitled to be paid under the Minimum Wage law, a higher rate for each six months they work after the first six months?

The WITNESS: Yes. The average weekly rate of the experienced time-worker in 1934 was \$9.80 against \$7.75 in the previous year. The experienced pieceworker increased from \$8.20 to \$10.69 in 1934. The inexperienced time-workers of whom there were five in 1934, increased from a weekly average of \$3.19 to a weekly average of \$6.76; and the majority of the employees who are classified as inexperienced pieceworkers, increased from an average weekly wage of \$3.31 in 1933, to \$6.01 in 1934.

By Mr. Sommerville:

Q. That is 35 of the 48 females in this factory got \$6.01 per week?—A. Yes.

Q. On the average?—A. On the average, sir.

Q. Approximately \$1 a day?—A. Yes. The male workers increased from 48 in 1933 to 71 in 1934. The average weekly rate paid all male workers in 1933 was \$6 per week, which was reduced to an average of \$4.71 in 1934.

By the Chairman:

Q. Let us get this clear. Of the 71 male workers in this factory in 1934, for the period of which you are speaking the average weekly wage was \$4.71.

The CHAIRMAN: Well, that is terrible.

Mr. KENNEDY (*Peace River*): Are there any married men?

The CHAIRMAN: Of the 71, 3 got \$15.68 a week, and all the rest averaged below \$6.

Mr. HEAPS: What were the average hours worked?

Mr. SOMMERVILLE: Forty-eight.

Mr. FACTOR: How many of them were married men?

The WITNESS: I do not know exactly.

The CHAIRMAN: Here is one experienced timeworker who got five cents an hour, \$2.43 a week. Then, three experienced pieceworkers got \$15.63 a week. In the inexperienced timeworkers, there were 15 who got \$4.67 a week, or 11.3 cents an hour. There were 26 inexperienced pieceworkers who got \$5.91 a week, and the hours are not indicated. Boy timeworkers of whom there were 24, got \$2.32 a week, or 4.2 cents an hour, and 2 boy pieceworkers, got \$2.83 a week each, but the hours are not indicated.

Mr. YOUNG: The average weekly amount for the male workers is considerably less than it was in 1933?

The CHAIRMAN: Yes.

Mr. YOUNG: You find in some industries wages have been going up in the last year. Is there any explanation for that?

The CHAIRMAN: The female wages did go up a little, although they are scandalously low. The number of boy timeworkers have been increased from 6 in 1933, to 24 in 1934, and with that increase, the average paid to these boy timeworkers was reduced from \$2.97 a week or five cents an hour, to \$2.32 a week, or 4 cents an hour.

By Mr. Heaps:

Q. From your information, Mr. Glasco, is the introduction of boys into these factories a new innovation?—A. I believe that the proportion of boys has increased since the minimum wage schedules have raised the rates paid to the girls. That is what we notice generally.

Q. It is a method of evading the minimum wage law?—A. Boys are not subject to it.

Q. I notice one other thing here in regard to the hours worked. After they worked 55 hours a week it was necessary for the employees to obtain a permit from one of the government departments for the girls to be allowed to work more than 55 hours?—A. Yes.

Q. Do you know whether that is being strictly observed in the factories?—A. The only places where we have seen the schedules for overtime is where the whole factory has been put on an extra schedule running over 55 hours, where individual workers may, in the ordinary week, work up to 70 hours. No permit is usually obtained in those cases in the places we have examined.

Q. The law requires them to obtain a permit?—A. Yes, it requires that a permit be obtained.

By Mr. Factor:

Q. How many of these male workers are married men?—A. I can't answer that exactly, but you can rule out the boys. They are up to about 19 years of age.

By Mr. Sommerville:

Q. When they say "boys," that means 15 to 19?—A. Yes.

By Mr. Factor:

Q. How many young men were there altogether?—A. 26.

Mr. SOMMERVILLE: Out of 71.

By Mr. Factor:

Q. That means that 45 were men?—A. Yes.

Q. You don't know how many were married?—A. No.

By Mr. Young:

Q. There is one thing that seems very hard to explain, and that is that experienced time-workers in 1933 got \$20.54 a week; and in 1934, \$2.43 a week?—A. I think in those cases what they have done is taken a very cheap man and a very expensive man and shifted them around, put one on a time basis and one on a piece basis. There are so few employees concerned that it really is not indicative.

Mr. SOMMERVILLE: The very next item in 1933, an experienced time-worker was getting \$20.54 and the experienced piece-worker only \$2.57.

The CHAIRMAN: Now they are reduced.

Mr. SOMMERVILLE: Yes, both reduced.

Mr. YOUNG: Starve them one year and feed them the next.

Mr. FACTOR: I suppose it is a sort of proud record of the Canadian standard of living.

By Mr. Young:

Q. Do you find any sign of any inefficiency in the management of this plant? I had an idea that plants that paid those wages were not very efficiently managed, generally?—A. I think, having regard to the size of the company, the investment they have in it and the machinery that is at work, that it is not noticeably bad or inefficient. It is about representative.

Mr. FACTOR: Is this factory being investigated?

The CHAIRMAN: No.

Mr. HEAPS: These wage rates are more or less uniform all through the industry. It is only a case of degree, a point more or a point less.

Mr. SOMMERVILLE: They are very low.

The CHAIRMAN: Yes, there are several of these companies just as bad. Of course, the committee must remember that there were a number of other shoe factories which we are satisfied are just as bad, but we have not had an opportunity or the nerve to spend the money to extend the investigation that far.

Mr. YOUNG: I would like to find one that pays a good wage, and see how they make out.

Mr. FACTOR: You have one there.

Mr. SOMMERVILLE: You have one that pays a better wage than the rest.

Mr. HEAPS: You would not call them good, though.

Mr. FACTOR: Company "B", the auditor himself says, complied with the law.

Mr. SOMMERVILLE: They complied with the law.

The CHAIRMAN: They are certainly less subject to criticism than the others, but they are certainly not good wages.

Mr. FACTOR: The female employees earned more than the minimum wage?

Mr. SOMMERVILLE: You will get that in the cross-section of the next section.

By Mr. Senn:

Q. I would like to know if that company produces a higher class of goods?

—A. Company "B"?

Q. Yes?—A. Yes, I think it does produce a better quality of shoe than these companies we are dealing with.

By Mr. Edwards:

Q. That necessarily follows, that the higher grade shoes require more expert workmanship?—A. Yes, I think that is so.

By Mr. Sommerville:

Q. These that are produced in the factory that is now under consideration, company "H", are ladies' medium priced shoes?—A. Yes.

Q. And their largest customer is a big western distributor?—A. Yes.

Mr. EDWARDS: Are we having any reports from any Ontario shoe companies, Mr. Chairman?

The CHAIRMAN: We only followed those that came up in evidence in advertisements; and if they are not here, they are not here.

Mr. SOMMERVILLE: We had advertisements of special sales of shoes, and the request of the committee was to investigate the conditions in the plant where those shoes were made. This is the result.

Mr. EDWARDS: Are there any in Ontario?

The CHAIRMAN: No.

Mr. SOMMERVILLE: Not here. There are Ontario factories in other industries.

Mr. SENN: Is that western concern that took this company's goods, company "H's," a department store?

Mr. SOMMERVILLE: Yes, a department and mail order house.

By Mr. Sommerville:

Q. Will you continue with your narrative, please?—A. It will be noted from that schedule that over 80 per cent of the female workers are in the apprentice class, and in the 1934 period 35 per cent received less than the legal minimum. 8 females received less than 8 cents per hour who should have received 13·9 cents according to the legal scale. That is the extreme side of the infraction.

The comparison of the 1933 and 1934 averages shows that the increases in rates to female workers were offset by reductions in the rates paid to male employees and also by increasing the proportion of males employed. The boys are from 15 to 18 years of age and on time work receive from 2½ cents to 5 cents per hour.

By Mr. Young:

Q. I understand that the machinery in these shoe factories is not owned by the factory. Is that correct?—A. A great deal of it is leased.

By the Chairman:

Q. All Goodyear welt machines are leased, are they not?—A. It can't be purchased. A good deal of the special sewing equipment cannot be purchased. It must be leased.

Mr. SOMMERVILLE: On a royalty basis.

By Mr. Young:

Q. Is the rent of the machinery a very big factor in the cost of the shoe?—A. I would say it was considerable, sir. You could not afford to leave it out.

Mr. YOUNG: What puzzles me is how it is that, with these low wages and very efficient machines they boast about, the price of shoes never goes down. It is just what it was many years ago.

Mr. EDWARDS: These shoes sell for \$1.99 and \$1.97.

Mr. YOUNG: Go back to when you were a boy, and you could get all kinds of shoes just as cheap.

Mr. EDWARDS: Copper-toed.

The CHAIRMAN: Cowhide.

By Mr. Kennedy (Peace River):

Q. Mr. Glassco, how do these factories manage to run constantly when they are paying less than the minimum wage? Does that mean that the minimum wage enforcement has broken down or what?—A. I don't know whether it would be fair to say it was broken down; but perhaps it has not arrived at those districts we covered. The orders in this particular industry are comparatively recent—October, 1932.

Q. It is quite plain that some of them are ignoring it?—A. Ignoring it.

By the Chairman:

Q. You mean 1933?—A. Yes, 1933. I beg your pardon, October, 1933.

Mr. SOMMERVILLE: There were some general remarks here. Were you going to consider this schedule?

The CHAIRMAN: Perhaps he had better finish reading that first.

By the Chairman:

Q. You had better read your general remarks and then we will discuss this schedule?—A. These are certain general remarks which appear to be representative of the companies which we have investigated, which we just noted briefly:—

The financial position of most of the companies referred to was sound and during the past four or five years the earnings were generally very stable. Management and executive salaries seemed reasonable and the owners were regularly obtaining a fair return on the invested capital.

The prices at which shoes are sold to department stores and small retailers are not readily comparable but the department stores appear to purchase most of the slow-moving merchandise seasonally cleared from manufacturers' stocks at reduced prices. It was noted that those companies selling a large portion of their output to small retailers suffered heavy losses from bad debts.

During the past few years a number of small shoe companies have started business in small towns and the country districts of Quebec. The Quebec Minimum Wage Board has established three classifications which result in

widely varying rates of pay between Montreal and smaller towns; the comparative legal minimums for experienced workers being as follows:—

	Wages of fully experienced female workers Cents per hour
City and island of Montreal, and for a radius of 10 miles around the island.. . . .	22.9
Other cities and towns of over 3,000 population.. . . .	20.8
Towns and villages under 3,000 population.. . . .	18.7

So that there is a spread of, roughly, 4 cents an hour in the wages of experienced workers between the city of Montreal and the small villages.

Q. Does the provision apply in the shoe industry that, if 80 per cent of the employees receive this minimum wage, that complies with the law?—A. In the case of piece-workers only, with this proviso, that no one may receive less than the wage payable to employees in the first six months of experience.

Q. Will you continue?—A. With several notable exceptions the wages paid were found to be below the minimum rates (in certain cases very considerably below) and the provisions of the Act limiting the proportion of female apprentices to 50 per cent of the total was not regularly observed. Generally speaking the records maintained by the companies as to hours of labour and experience of workers were incomplete.

No Union organizations were observed in the companies visited and in certain cases male workers, including boy apprentices, were employed at extremely low rates.

The only company investigated in the city of Montreal appeared to be paying female employees less than the minimum wage, and the average wage paid to male employees was actually below that paid to females. Mr. Gustave Francq stated that both this company and company "A" had been fined for infringement of the Minimum Wage Act, and that other companies investigated had avoided prosecution by agreeing to pay employees sufficient to bring their earnings up to the legal minimums.

By Mr. Kennedy (Peace River):

Q. Have you any idea what the fine amounted to?—A. I understand the usual fine for the first offence is \$50.

By Mr. Boulanger:

Q. It was made stiffer at the last session?—A. It has been increased.

By Mr. Sommerville:

Q. Was it not \$10?—A. The maximum is now \$200.

Q. Was it not \$10?—A. I think Mr. Francq gave evidence that the fine was \$10.

The CHAIRMAN: As low as \$10.

Mr. SOMMERVILLE: Yes, as low as \$10.

The WITNESS: \$50 is the maximum for the first offence, or was.

By Mr. Edwards:

Q. What was the average price of the shoes, either to the department store or to the jobber?

Mr. SOMMERVILLE: Of what company?

Mr. EDWARDS: This last company you are speaking of.

Mr. SOMMERVILLE: That is company "H."

The WITNESS: I can't locate that very readily, but I would judge the shoes to be around a \$2 scale.

By Mr. Edwards:

Q. That is, a \$2 selling price to the buyer?—A. No, a \$2 retail shoe; a fairly cheap shoe, women's shoe.

Q. That is around a dollar and what?

Mr. SENN: You didn't make any investigation into the labour cost?

Mr. EDWARDS: I was just wondering that.

The CHAIRMAN: Just a minute. One at a time. What is it, Mr. Edwards?

Mr. EDWARDS: I wanted to know if he had the sales price broken down, \$1.70 or \$1.60 or whatever it was, into material and labour.

Mr. SOMMERVILLE: We have not got that. It is not broken down.

By Mr. Edwards:

Q. The idea I have behind that is this: Do you find evidence where specifications are given by a concern to build a shoe to a price?—A. Yes, there is evidence of that. Manufacturers have spoken of it.

Q. That obtained through this shop, or generally speaking through all these shoe factories?—A. Generally speaking, through the cheaper shoes.

Q. They are trying to build goods to a price. There are only two places to take it out of, one out of material and one out of labour, to get that shoe?—A. Yes.

Mr. KENNEDY (Winnipeg): Or out of your creditors. We had evidence of one carrying on this type of business going broke, and paying so much on the dollar.

Mr. EDWARDS: Yes.

The CHAIRMAN: Before you leave that shoe business, let me just indicate from the official records of the two governments the minimum wage so that we will have it at this stage on the records. In the Island of Montreal the minimum wage for apprentices for the first six months in the shoe business is \$7; for the second six months it is \$8; for the third six months \$9; and the fourth six months \$10; and the minimum for experienced workers after 24 months for a 48-hour week is \$11; for female workers that is.

Then in the other districts in the second class, the smaller cities, it is \$1 less all round.

In the third class, villages and rural districts, it is still \$1 less.

Mr. HEAPS: That is \$2 less than Montreal?

The CHAIRMAN: Yes. In the city of Toronto, in Ontario, there are only 3 six-month periods for apprentices. For the first six months \$8; for the second six months \$9; for the third six months \$10; and the minimum rate for adults, experienced, is \$12.50.

Then in cities of 30,000 the rates for the first three months are the same but the minimum is \$11.50 instead of \$12.50 for experienced workers.

The third classification is as follows:—

For the first six months \$8.50 instead of \$9; for the second six months \$10; for the third six months the minimum rate is \$11 for experienced workers.

Then they have a fourth classification for places below 5,000. For the first six months it is \$6; for the second six months \$7.50; for the third six months \$9, with a minimum of \$10 for experienced workers after that period.

Mr. SENN: That is in all classes of industry?

The CHAIRMAN: No, that is in boot and shoe factories and other leather trades which we are now dealing with.

By Mr. Sommerville:

Q. Now, Mr. Glasco, you have prepared a comparative statement of the wages paid in these eight factories?—A. Yes.

SHOE MANUFACTURERS

SUMMARY OF WAGE RATE, AND MINIMUM WAGE VIOLATIONS
(Spring of 1934)

	Company "A"	Company "B,"†	Company "C"	Company "D"	Company "E"	Company "F"	Company "G"	Company "H"
Total Female Employees.....	55 %	40 %	45 %	198 %	22 %	98 %	42 %	48 %
Percentage of Apprentices to Total Females.....	100 cts.	15 cts.	80 cts.	55 cts.	36 cts.	66 cts.	80 cts.	83 cts.
Average Hourly Rates (1) Experienced Females.....		26.5	18.7	18.4	25.0	23.7	21.8	19.7
(2) Apprentice Females.....	13.2	21.0	13.3	12.9	19.3	15.4	18.6	12.5
(3) Males.....	10.6		15.4	16.4		*	16.0*	10.9
(4) Boys.....	5.4		5.2				*	4.2
Percentage of Experienced Females paid less than Minimum Wage.....	%	%	%	%	%	%	%	%
Percentage Apprentice Females paid less than Minimum Wage	83.0	18.0	None	20.0	7.0	36.7	37.5	None
Percentage Female employees receiving 10c. or less per hour..	20.0	None	3.0	83.0	12.5	38.4	38.2	42.5
Total Male Employees.....	86	59	89	217	67	140	179	71
Percentage of Males receiving 10c. or less per hour.....	%	%	%	%	%	%	%	%
Percentage of Males receiving \$4.00 or less per week.....	60		38	18		31*	1 or 1.5*	60
Percentage of Males receiving less than \$9.00 per week....	25	5	26	12	21	16	8.0	58
Percentage of Males receiving less than \$9.00 per week....	81	24	73	75	46	48	54.0	86

† Representative groups taken—not complete Payrolls.

* Time workers only.

The WITNESS: Dealing first with female employees the schedule shows the total number employed by each of the companies "A" to "H" which were discussed, except that company "B" does not represent more than a representative number, but company "B" is a very much larger employer than is shown by this schedule.

Percentage of apprentices to total females.

In company "A" all the female workers were apprentices. By "apprentices" is meant apprentices within the meaning of the Minimum Wage Act, that is, having less than two years' experience.

By Mr. Sommerville:

Q. In company "A" 100 per cent of the female employees were two years or less?—A. Yes, sir:

Company "B" had 15 per cent apprentices.
 Company "C" had 80 per cent apprentices.
 Company "D" had 55 per cent apprentices.
 Company "E" had 36 per cent apprentices.
 Company "F" had 66 per cent apprentices.
 Company "G" had 80 per cent apprentices.
 Company "H" had 83 per cent apprentices.

That compares with the legal allowance of 50 per cent.

For company "A" it was not obtainable.
 For company "B" 26.5 cents per hour.
 For company "C" 18.7 cents per hour.
 For company "D" 18.4 cents per hour.
 For company "E" 25 cents per hour.
 For company "F" 23.7 cents per hour.
 For company "G" 21.8 cents per hour.
 For company "H" 19.7 cents per hour.

Apprentice females.

Company "A" 13.2 cents per hour.
 Company "B" 21 cents per hour.
 Company "C" 13.3 cents per hour.
 Company "D" 12.9 cents per hour.
 Company "E" 19.3 cents per hour.
 Company "F" 15.4 cents per hour.
 Company "G" 18.6 cents per hour.
 Company "H" 12.5 cents per hour.

Q. With reference to females, while these are the hourly rates for experienced females the proportions that you show indicate that the bulk of these companies have 80 per cent or more of apprentice females?—A. Four have 80 per cent or over, sir.

Q. Four have 80 per cent or over?—A. Yes.

Q. And that would compare with the average that is being obtained by them all?—A. Yes.

Q. That is, therefore, there are a small number of experienced females in these plants?—A. Yes, being paid as experienced.

Q. Yes. Well, that raises another point: It may be that a person may have had a number of years experience in the industry and yet go into a plant and be engaged as inexperienced because they were engaged within the previous six months?—A. Generally speaking with these companies, sir, the record of experience is no more than the record of service with this company.

By Mr. Edwards:

Q. Is it as bad as that?—A. There may be instances. I would say company "B" possibly has a little more knowledge as to the experience of its workers but most of the other companies are not operating in districts where there is a large available supply of experienced labour and they take the date they join the staff, and that is their experience to all intents and purposes.

Mr. SOMMERVILLE: And they commence at the rate that is paid for apprentices from the date they join the staff even though they may have had experience previous to that.

Mr. HEAPS: But if they work on piece work it should not make much difference to them.

Mr. SOMMERVILLE: If your piece workers are paid low enough it would make a difference, if piece work is paid only on the basis of the minimum of \$6 a week.

Mr. HEAPS: It should not make any difference; an employee who entered that firm should be able to get the minimum rate set for an experienced worker.

Mr. SOMMERVILLE: That is perfectly true but if that minimum rate is paid on the basis of, as I say \$6 a week then everybody else suffers.

Mr. HEAPS: I have worked so much piece work in my own day that I am speaking from a sort of personal experience.

Mr. EDWARDS: But you never worked in a place like this.

By Mr. Sommerville:

Q. What is the next classification, please?—A. The next classification is male employees, average hourly rates excluding boys—

Q. Excluding boys?—A. Yes, sir:

In company "A" it was 10·6 cents per hour.

In company "B"—not obtainable.

In company "C" 15·4 cents per hour.

In company "D" 16·4 cents per hour.

In company "E" not obtainable.

In company "F" not obtainable.

In company "G" 16 cents per hour.

In company "H" 10·9 cents per hour.

In the case of company "G" time workers only.

Q. Then the average hourly rates for boys from 15 to 18?—A. The average hourly rate for boys from 15 to 18:—

Company "A" 5·4 cents

Company "B"—not obtainable.

Company "C" 5·2 cents.

Company "D"—none.

Company "E"—none.

Company "F"—none.

Company "G"—none.

Company "H" 4·2 cents.

Then the infraction of the Minimum Wage Act is indicated by the percentage of experienced females paid less than the minimum wage:—

Company "A"—none.

Company "B" 18 per cent.

Company "C"—none.

Company "D" 20 per cent.

Company "E" 7 per cent.

Company "F" 36·7 per cent.

Company "G" 37·5 per cent.

Company "H"—none.

Q. That is because they were all being paid as inexperienced?—A. I think it would be fair to say, sir, that in many of these companies there were so few employees treated as experienced or having the length of service—

By Mr. Heaps:

Q. Take a girl working in one of these factories after being there for seven or eight months and she is able to earn the high maximum of the minimum wage?—A. On piece work?

Q. Yes, on piece work, would she get that amount?—A. I think she would.

Mr. SOMMERVILLE: The evidence shows that they did not get it.

The WITNESS: Mr. Heaps said if she could turn out a terrific amount of work would she be paid for it. I think she would.

The CHAIRMAN: I think we had better stick to the record and leave out the "ifs."

The WITNESS: The percentage of apprentice females paid less than the minimum wage shows:—

Company "A" 83 per cent.

Company "B"—none.

Company "C" 3 per cent.

Company "D" 83 per cent.

Company "E" 12.5 per cent.

Company "F" 38.4 per cent.

Company "G" 38.2 per cent.

Company "H" 42.5 per cent.

By Mr. Sommerville:

Q. That is, even those who were receiving this lower rate that was allocated to persons in the first two years of employment, 83 per cent in company "A" were being paid even that amount?—A. Yes, sir.

Q. And 83 per cent in company "D" were not being paid that amount?—A. Yes.

Q. And 38 per cent in company "F"?—A. Yes, sir.

Q. And 38 per cent in company "G"?—A. Yes, sir.

Q. And 42 per cent in company "H"?—A. Yes, sir.

The next classification is the percentage of female employees receiving 10 cents or less per hour:—

In company "A" 20 per cent.

In company "B"—none.

In company "C" 2 per cent.

In company "D" 1 per cent.

In company "E"—none.

In company "F" 12.2 per cent.

In company "G" 1 or 2.5 per cent.

In company "H" 16.6 per cent.

Q. That has to do with females?—A. Yes.

By Mr. Heaps:

Q. May I ask, from your experience has there been any change in the piecework rates say during the past few years?—A. I do not know. Then the next is total male employees:—

Company "A" 86.

Company "B" 59.

Company "C" 89.

Company "D" 217.

Company "E" 67.
 Company "F" 140.
 Company "G" 179.
 Company "H" 71.

Percentage of male employees receiving 10 cents or less per hour:—

Company "A" 60 per cent.
 Company "B"—none.
 Company "C" 38 per cent.
 Company "D" 18 per cent.
 Company "E"—none.
 Company "F" 31 per cent—Time workers only.
 Company "G" 1 or 1.5 per cent—Time workers only.
 Company "H" 60 per cent.

Where I say "none" it is because the record of hours was not available, therefore, we have reduced this to a weekly basis to get a comparison.

The next is percentage of males receiving \$4 or less per week:—

Company "A" 25 per cent.
 Company "B" 5 per cent.
 Company "C" 26 per cent.
 Company "D" 12 per cent.
 Company "E" 21 per cent.
 Company "F" 16 per cent.
 Company "G" 8 per cent.
 Company "H" 58 per cent.

The next category shows the percentage of males receiving less than \$9 and will, of course, include those receiving \$4 as \$9 per week is the rate in the smallest towns for the experienced female worker.

Q. Experienced female workers?—A. Yes.

Q. You are showing how many males in these plants receive less than the smallest minimum wage for experienced females?—A. Yes, sir:—

Company "A" 81 per cent.
 Company "B" 24 per cent.
 Company "C" 73 per cent.
 Company "D" 75 per cent.
 Company "E" 46 per cent.
 Company "F" 48 per cent.
 Company "G" 54 per cent.
 Company "H" 86 per cent.

Mr. SOMMERVILLE: That is sweating the men at the expense of the women.

By Mr. Senn:

Q. Are these all full time employees, Mr. Glassco?—A. Yes, sir.

The CHAIRMAN: Well, it is a lamentable picture to say the least, in Canada.

Now gentlemen, we are proceeding next with the examination of certain clothing factories and the labour conditions found therein. These arise in the same way as the shoe factories, out of evidence previously given, and while it has been impossible in the time at our disposal, and that of the examiners, investigators and auditors, to carry the investigation far enough to cover the industry in a very large way, nevertheless it does cover a number of representative cases brought to our attention from the evidence already presented. The object, of course, being to follow back as we frequently stated when we were going through these records of the larger shipments, to follow back into

the industry the goods that were sold and of which we already have the mark-up and all the other particulars. This will illustrate to the committee the wage conditions and other factors that enter into the matter.

Before we proceed we will just distribute these statements.

By Mr. Sommerville:

Q. First of all, Mr. Glassco, before you deal with the various schedules which have been distributed will you kindly state to the committee the manufacturing methods of the clothing industry in the Montreal market?

Mr. FACTOR: Are you dealing exclusively with Montreal now?

Mr. SOMMERVILLE: On these facts with respect to the clothing industry, yes. The Montreal market covers the country districts as well, they are the chief suppliers through Montreal.

Mr. HEAPS: You are taking in some of the outside districts?

By Mr. Sommerville:

Q. Yes. If you will just state the method of merchandising clothing and manufacturing it in this Montreal market, then members of the Committee will have a fair distinction in their own mind of the various kinds of plants, methods and shops that are adopted?—A. There are two main distinctions. You can really divide the clothing manufacturers into two classes; those who manufacture the clothes entirely themselves on their own premises with their own employees, and those who use contract labour of one form or another. The contract labour varies. There are at least four different types of contract labour. The first is the inside contract shop, where the contractor operates on the premises of the manufacturer, makes the garments on the premises but engages his own employees and sells the garments to the manufacturer at a contract price.

Q. That is, he sells his work?—A. He sells his work, but receives the cloth, thread and various supplies.

By the Chairman:

Q. And the machines?—A. In some cases he owns his own machines, in other cases the manufacturer owns them. When the manufacturer owns them he sometimes pays rent.

By Mr. Sommerville:

Q. And this contractor in the shop of the manufacturer receives a certain fixed price for the work which he does for the manufacturer?—A. A price per garment.

By the Chairman:

Q. Then he pays his own employees?—A. He pays his own employees.

By Mr. Sommerville:

Q. That price per garment must cover his wages, his overhead, his rent, and any profit there is left is for himself?—A. Yes.

Q. He must pay these things out of his total price per garment?—A. Yes.

Q. That is the contractor in the manufacturer's own shop?—A. Yes, sir.

Q. That is the first type? —A. Yes.

Q. What is the second type?—A. The second type is the independent contract shop in the city of Montreal which solicits work from the various manufacturers. They go around asking the manufacturer if they can make garments for them, and they may have five or six customers who regularly ship them cloth for making; they are also paid on a per garment price, but they maintain

their own premises usually in a different building, although sometimes in the same territory.

Q. But they do not restrict themselves to contracting for the one manufacturer?—A. No, sir.

Q. They will contract for anybody?—A. Yes, they are in competition among themselves.

Q. They are in competition with the contractor in the manufacturer's own shop, in the sense of price competition?—A. That is quite so, sir. The man who is in the manufacturer's own shop usually has his own arrangement and takes all the manufacturer's work.

Q. Quite?—A. And the manufacturer who has his own contractors in the building does not usually go to the independent, but the independents compete one against the other.

Q. But the point is, the competition of the independents getting say the contract price for pants down to a certain figure, does not that effect the price that is paid by the contractor in the manufacturer's own shop?—A. I think it would affect the whole level of prices in the district.

Q. You have the second kind of contractor, the independent contractor; that is, the independent shop?

Mr. FACTOR: I imagine it not only affects around Montreal, but it affects the whole level throughout the whole country.

Mr. HEAPS: The whole of the industry.

Mr. SOMMERVILLE: Yes, what is the third form of contract shop?

By Mr. Factor:

Q. Does the independent contractor get the cloth and trimming and other things from the manufacturer?—A. Yes, he may occasionally supply the thread; but I think it is more general that he receives all the material and just performs the labour operation.

By Mr. Sommerville:

Q. Does this independent contractor then sometimes contract the work out again, some portions of the work?—A. I think there are cases where that is done, although it is not general.

Q. That is the independent?—A. Yes.

The CHAIRMAN: All right.

By Mr. Factor:

Q. Why do you call this fellow who gives the work to the independent contractor a manufacturer, he is only a dealer in cloth?—A. He cuts it, sir; the contractor simply sews, puts buttonholes in, and buttons on, and returns them pressed.

Q. He cuts the cloth to patterns in his own shop?—A. Yes.

By Mr. Sommerville:

Q. He is the one who sells to the large buyers?—A. He is the vendor of the clothing to the retailer.

Q. His investment is in the cloth itself, in the cutting appliances and such labour as may be connected therewith?—A. Yes.

By Mr. Senn:

Q. These are all ready-to-wear garments?—A. There will be some made-to-measure suits made in the first class of contract shop, that is, the inside contract shop.

By Mr. Sommerville:

Q. And some in the independent contract shop?—A. Possibly, but not largely.

The CHAIRMAN: It is not noticeable. All right.

By Mr. Sommerville:

Q. The third class then?—A. The third type is the controlled contract shop operating outside of the city of Montreal, usually in the country districts. It may operate under a different name from that of its owner, but it is virtually a shop of the manufacturer operated as a contract shop, employing labour in these country towns in the vicinity of Montreal. The goods are shipped out by truck to these shops and factories where local girls are employed working under the supervision of what is really a representative of the manufacturer himself.

Q. Yes; and that is the manufacturer's controlled contract shop?—A. Yes.

Q. Why do you say controlled?—A. Because in certain cases the manufacturer owns the machinery and has financed the contractor, he may own the premises in which he operates in the country.

Q. Yes?—A. Or he may, as in one case, own all of the capital stock of the limited company which is the country contractor.

By Mr. Factor:

Q. The idea is to get the cheap labour outside of Montreal?—A. That is the main benefit, sir.

By Mr. Sommerville:

Q. Then, are there any other benefits, take, for instance, labour troubles in Montreal—they are a lot more easy to handle if he has a contract shop in the country?—A. It would be, sir, yes.

Q. And the manufacturers who give out their work to five or six contract shops, and these contract shops being located in various areas are less disturbed by troubled conditions in one area?—A. They would be less subject to it.

By Mr. Factor:

Q. The help in the country districts is not unionized?—A. Not to any extent.

By Mr. Sommerville:

Q. Is it not a fact that through these controlled shops the price level for the production of garments is reduced to a minimum—the cost of producing these garments is reduced by the numbers of contract shops and the competition between them?—A. The cost is very low, it is noticeably lower than in the shops operated by the manufacturer himself in Montreal.

Mr. FACTOR: It is the curse of the clothing industry.

By Mr. Sommerville:

Q. Yes. And is it not a fact that there may be under-payment of employees through contract shops, that may not be so easy to trace to the manufacturer as though he were doing it himself in his own plant?—A. The small contractor usually keeps no books and very often receive their total earnings from the manufacturers at the end of the week and divide it up without making any record of what the individual employee receives.

Q. Then, is it not a fact that by the manufacturer having four or five contractors to whom he gives out work, he puts the one against the other, and thus keeps down the cost of production on his work?—A. I do not know that he does that.

Mr. SENN: Is any of this work done in the worker's own private home?

Mr. SOMMERVILLE: We are coming to that.

By Mr. Factor:

Q. Is there any case where one manufacturer controls more than one of these contractors?—A. Yes.

Q. That is, the manufacturer will have more than one of these controlled contract establishments?—A. Yes.

By Mr. Sommerville:

Q. Perhaps under a different name?—A. Under different names.

Q. Owned really by this one manufacturer?—A. Owned, or exclusively making for this manufacturer, connected in some way.

Mr. FACTOR: Are they fairly stable or are there a lot of what are called "fly-by-nights"?

Mr. SOMMERVILLE: We will tell you how many there were directly.

The WITNESS: Not a great many, no.

By Mr. Sommerville:

Q. How many contract shops are there in the Montreal district, have you any estimate of that?—A. I think for men's clothing there would be between 150 and 200 in the city of Montreal.

Q. That does not include any in the country districts?—A. No, I do not know how many there are in the country.

Q. Then, the fourth class.

Mr. FACTOR: I did not understand the question; did you say contractors?

Mr. SOMMERVILLE: Contractors.

Mr. FACTOR: Are there 105 contractors?

Mr. SOMMERVILLE: From 150 to 200.

The WITNESS: On men's clothing.

By the Chairman:

Q. What do you call the Montreal district?—A. I would say, in the city; there may be some outside of the city but not off the Island.

By Mr. Sommerville:

Q. Then, what is the fourth method of manufacture in that market?—A. The fourth method is by dealing with the contractor who has garments manufactured by home work; that applies to the cheaper grades of men's work trousers, boys' trousers, coats and vests, knickers, golfing trousers, skiing pants and cheap garments of that sort which have a comparatively simple operation.

Q. And to the cheaper men's clothing?—A. To the cheaper men's clothing.

Q. Cheaper suits?—A. Yes.

The CHAIRMAN: Overalls?

The WITNESS: Not so much.

By Mr. Sommerville:

Q. That has to do with the cheaper class of men's clothing generally?—A. Yes.

Q. And to boys' clothing and knickers and long pants and that sort of thing?—A. Yes.

Q. Work clothes?

Mr. FACTOR: In connection with this class of work, we had evidence of 35 cents a dozen being paid for work clothes.

Mr. SOMMERVILLE: We will come to that.

By Mr. Sommerville:

Q. Now, just tell us about these home work shops and this home work which is done in the country district. You say these are supplied by contractors who have some place in the country and distribute the work to these homes?—A. Yes.

Q. And that is fairly prevalent in certain districts?—A. In certain districts there seems to be a great deal of—a great proportion of the farmers engaged in making clothing of one sort or another.

By Mr. Factor:

Q. How many contractors do this kind of work?—A. I know of four or five.

By Mr. Sommerville:

Q. In one district?—A. In one district.

Q. Perhaps you will describe to the committee how that home work is handled and what your observations were on that exact kind of work, and what wages or rates were being paid for the work being done in the home—first of all, how is it handled?—A. The contractor owns the truck, and with that truck he goes to the manufacturer and collects the cloth and the thread, the cloth having been previously cut and marked for making. He takes the truck into the country. This is the contractor who is doing the whole of the contracting operation. In some cases there are sub-contractors. This contractor stops at the different farm houses where he has workers and leaves one, two, three or four dozen suits in pieces to be made up. Three or four days later he will return and pick it up and take it back to the manufacturer in the city.

By Mr. Heaps:

Q. Do you mean to say that these clothes are made in the farm houses in Quebec?—A. Yes, this class of contractor; this is the fourth class of contractor.

Mr. HEAPS: What do you think of that, Mr. Young, for work on a farm?

Mr. YOUNG: They cannot make a living on their farms in the country.

Mr. SOMMERVILLE: I think we have to come to the conclusion that they cannot make a living in this way either.

By Mr. Sommerville:

Q. Now, let me see. This contractor has his truck and goes out to these homes. This contractor's investment is his truck?—A. Yes, usually not more than that.

Q. And he operates from his own home?—A. Yes.

Q. He does not have a shop where he keeps employees working?—A. No.

Q. He operates in the manner you have indicated, and he gets the cloth plus the thread from the manufacturer?—A. Yes.

Q. And he gives the manufacturer a price?—A. Yes.

Q. At which he will deliver the goods—the suits made?—A. Yes.

Q. And out of that price he gets the thread free?—A. Yes. He gets the thread and the cloth; he does not pay for it.

Q. And have you got the price—examples of prices that he contracts for?—A. We have the records of one of these manufacturers showing that this contractor received \$1.32 and \$1.20 per dozen for men's pants.

Q. This contractor received \$1.32 per dozen for men's pants and \$1.20 from the manufacturer, and this was a manufacturer who sold these pants to the large buyer?—A. Yes.

Q. Now, let us follow this contractor through. Then what did you find when you followed that through?—A. I found that the contractor made—

retained from 20 to 30 cents a dozen out of the price which he received from the manufacturer, on a price of \$1.30 a dozen which the manufacturer paid him. He will put that work out at a dollar a dozen, and the people working on the trousers would receive \$1 a dozen.

Q. The women in the homes would receive \$1 a dozen for making men's pants?—A. Yes, sir.

Mr. EDWARDS: Eight cents a pair.

The WITNESS: Yes.

By Mr. Sommerville:

Q. What does that include?—A. A four pocket pair of pants.

The CHAIRMAN: Buttons too?

The WITNESS: Buttons, button holes and pressing.

Mr. SOMMERVILLE: Button, button holes, pressing and making?

The WITNESS: Yes.

Mr. SOMMERVILLE: How about the thread?

The CHAIRMAN: He gets the thread.

Mr. SOMMERVILLE: Wait a minute; this is interesting.

The WITNESS: In this case I believe the contractor sells the thread to the farmhouse which is really a reduction of the price which he allows the workman.

By Mr. Sommerville:

Q. What is the price he gets for the thread?—A. 75 cents to \$1 for a spool of 10,000 yards.

Q. And which the contractor has received free from the manufacturer?—A. Yes.

Q. And that amounts to how much per dozen?—A. It works out to 5 to 10 cents per dozen on pants.

Q. Would it be an average of 10 cents?—A. On that class of work it would be closer to the average of 5 cents a dozen for thread.

Mr. FACTOR: Their price is increased to the farmer?

The WITNESS: Yes, because the farmer has to buy the thread.

By Mr. Sommerville:

Q. The farmers have to buy the thread and that means the farmers would then get 95 cents a dozen if the thread costs 5 cents a dozen?—A. Yes.

Q. If the thread which he buys is equivalent to 5 cents a dozen of trousers?—A. Yes.

Q. I thought there were some that ran as high as 12 cents per dozen?—A. I think that particular case you are speaking of concerns riding breeches—a very elaborate amount of sewing.

Q. We will come to them in a few minutes. This is with respect to men's pants. Now, what did you find when you went into the homes of these workers?

Mr. KENNEDY (Winnipeg): May I ask a question? These prices you have given us as being paid to manufacturers—

Mr. SOMMERVILLE: Paid by manufacturers.

Mr. KENNEDY (Winnipeg): Paid by manufacturers to contractors and paid by contractors to people in their own homes—what steps did you take to verify those figures?

The WITNESS: The price paid by the manufacturer to the contractor was ascertained from the books of the manufacturer and confirmed by the contractor.

Mr. KENNEDY (*Winnipeg*): By interview?

The WITNESS: By interviewing the contractor. The price paid by the contractor was obtained by interviewing him and verifying it by interviewing the workers who made the clothes.

Mr. KENNEDY (*Winnipeg*): Thank you.

By Mr. Sommerville:

Q. Yes. Now, then, what did you find when you interviewed the workers, or what did you find as the result of your visit to those homes?—A. The method of operation.

Q. Yes. Have you followed through the method of operation to the examples you have given?

Mr. FACTOR: Take the cases you interviewed personally.

The WITNESS: The usual layout is to have the sewing machine in the room next to the front door in the house.

Mr. EDWARDS: Who supplies the sewing machines?

The WITNESS: They are foot pedal machines owned by the farmers.

Mr. EDWARDS: And they have to pay for repairs and that sort of thing?

The WITNESS: Yes. They are not power machines—the old type. There may be one or two or three machines in the house. The women work on them. The ironing is done with small hand irons heated on the stoves and the whole family helps pressing the garments. They will make for a day and press for several hours and go back to making again on the machines; and the rates which are received perhaps could be best illustrated by dealing with the capacity of these houses as factories. There was an instance where four men—or four women were working on machines and producing two and a half to three dozen pair of men's pants a day.

By Mr. Sommerville:

Q. Well, you said four men first?—A. I said four men—I mean four women and with help from the men at night and on the pressing.

Q. These four women made the trousers during the day?—A. Yes.

Q. The four men did pressing at night?—A. Yes.

Q. And the result of the combined operation was the production of how many dozen?—A. Two and a half to three dozen pair of men's pants per day.

Q. Which would be around \$2?—A. These particular workers received from the contractors 60 cents a dozen.

Mr. HEAPS: For men's pants?

The WITNESS: Yes.

Mr. EDWARDS: Five cents each.

The WITNESS: Yes.

Mr. SOMMERVILLE: That is, they got from \$1.50 to \$2.

The CHAIRMAN: About \$1.80.

Mr. SOMMERVILLE: \$1.80 was paid for the work of these four women and the four men pressing?

The WITNESS: Yes.

Mr. FACTOR: What did these contractors get from the manufacturer in this particular instance of the 60 cents a dozen pants?

The WITNESS: We were not able to follow that back. The worker did not know where the pants were sold, and we could not locate the contractor whom they were working for.

Mr. SENN: In this particular instance were the workers all members of the family or were some hired and brought in?

The WITNESS: No, members of the family.

Mr. EDWARDS: What was the attitude of the members of the family towards this situation?

Mr. SOMMERVILLE: We will get that fully. I am going to give a number of instances.

The WITNESS: They were paid 60 cents per dozen. They said they had to buy their thread.

By Mr. Sommerville:

Q. They had to buy their thread out of the 60 cents and the thread amounted to 5 cents a dozen?—A. Yes.

Q. That resulted in them having 55 cents a dozen?—A. Yes.

The CHAIRMAN: It is unbelievable.

Mr. SOMMERVILLE: Give us some instances—

Mr. FACTOR: We are back in medieval times.

The CHAIRMAN: It is hard to believe this can be so in Canada.

Mr. HEAPS: It reminds one of Hood's Song of the Shirt.

The CHAIRMAN: Yes, it does.

By Mr. Factor:

Q. In the case of the \$1.20 a dozen item the contractor received from 20 to 30 cents a dozen. What contribution does he make in the manufacture of those pants outside of trucking them back and forth?—A. He does not operate on them in any way. He trucks and distributes them.

Q. He is just the trucker?—A. Yes.

Q. He is a parasite; that is what I call him.

By Mr. Sommerville:

Q. Now, will you proceed with some of these examples that you checked up in the country districts?—A. Yes, sir. There is a case of a woman making boy's knickers for one of these contractors and receiving 30 cents a dozen and providing her own thread. They would net her 25 cents a dozen.

Q. For boy's knickers?—A. Yes.

Q. For one of these contractors?—A. Yes. These garments would cost at the union scale at Montreal from \$1.50—at least \$1.50 to make a dozen.

Q. At the union scale?—A. Yes.

By Mr. Factor:

Q. If they were manufactured in a Montreal shop they would cost \$1.50 a dozen?—A. Yes. That is from the scale which we have of the costs in the factories in Montreal making that class of pants.

Mr. SOMMERVILLE: Where they work under union conditions.

The CHAIRMAN: What was the union rate?

Mr. EDWARDS: \$1.50 a dozen.

The WITNESS: I think \$1.50 a dozen.

The CHAIRMAN: And she got 25 cents a dozen?

The WITNESS: Yes, net after paying for the thread.

Mr. FACTOR: Can you tell me what volume—

Mr. SOMMERVILLE: Yes, we will get the volume too.

By Mr. Sommerville:

Q. Give me some more examples?—A. A woman working on boy's pants at 35 cents a dozen—ordinary short pants.

Q. And did she buy her own thread?—A. No, I think she works for a contractor who supplies the thread.

By Mr. Edwards:

Q. He is one of the more generous contractors?—A. A woman making riding breeches with five pockets at the rate of \$1.15 a dozen.

Mr. FACTOR: And then we ride horses.

The WITNESS: This girl said she could produce five in a day.

By Mr. Sommerville:

Q. That would be the equivalent of how much?—A. About 50 cents.

Q. 50 cents a day making riding breeches?—A. She was an experienced operator and had been doing this for seven or eight years.

By Mr. Senn:

Q. She did not tell you how many hours a day it was necessary to work to produce these five pairs of breeches?—A. No, she did not.

By Mr. Heaps:

Q. Have you the same comparative rates for the union shops in Montreal?—A. In that one?

Q. Yes.—A. This scale I have is not a union shop—it is slightly lower—there are no riding breeches on it.

By Mr. Sommerville:

Q. You have not finished with your list. What else have you?—A. Ordinary pants, men's pants, 65 cents a dozen, with a capacity of one dozen a day.

Q. This is the same girl?—A. The same girl, yes. That would compare to about \$2.40 to \$3 a dozen in the Montreal shops.

Mr. FACTOR: The Montreal shop is not a union shop.

The WITNESS: No; the scale I have here is slightly below.

By Mr. Factor:

Q. Can you compare that with the Toronto store?—A. No, I am sorry, I have not those figures.

Q. I think it would be interesting if we could get a scale of the Toronto wages after we get through with the Montreal situation.

The CHAIRMAN: We will try to do that, Mr. Factor.

Mr. FACTOR: It is this situation which is ruining the clothing industry in Toronto.

The WITNESS: We found one woman who was the wife of a sub-contractor, and she was also working on those trousers herself. Her husband, the sub-contractor, was the man who supplied the trousers to the particular contractor who we had found in Montreal, and that was where we checked his prices. From that woman we obtained the price that he paid to the workers who actually made the pants. The sub-contractor received 85 cents, and \$1.05 a dozen, depending upon the number of pockets.

The CHAIRMAN: Eighty-five cents to \$1.05?

The WITNESS: Eighty cents to \$1.05.

By Mr. Sommerville:

Q. Depending upon the number of pockets?—A. Depending upon the number of pockets; and the actual operators received for those garments forty cents—a few at forty cents, but from fifty cents to sixty cents a dozen.

Q. In the homes?—A. In the homes.

Mr. YOUNG: Did he furnish the thread in this case?

The WITNESS: Yes, that one furnished the thread.

By Mr. Sommerville:

Q. This contractor supplies some of the firms whose goods have been given in evidence as being supplied to the large department stores?—A. Yes.

Mr. FACTOR: The contractor does not supply the department stores; he supplies the manufacturer.

Mr. SOMMERVILLE: The manufacturer supplies them.

The WITNESS: I think sir, in a certain type of this merchandise, practically none is made in the city. I think this market supplies practically all the cheapest grade of men's pants.

Mr. SOMMERVILLE: You mean the market in this territory?

The WITNESS: In this territory.

Mr. SOMMERVILLE: What territory?

The WITNESS: The territory which may be similarly closely to Montreal, but within 25 miles of Montreal anyway.

By Mr. Young:

Q. The rural section?—A. Yes.

Q. These people are farmers?—A. Yes.

Q. Why do they engage in this kind of work? Have they not got enough to do on the farm to keep them fairly busy; are the families too big? What is the trouble?—A. I do not know, sir. They have been doing it for some years.

Mr. HEAPS: How long?

The WITNESS: I do not know exactly how long.

Mr. EDWARDS: Are they small outlying places?

The WITNESS: Yes, and clustered in little villages throughout the parish, small settlements. You will find it right throughout. You will find the husband working on the farm, and the woman sewing at home.

Mr. FACTOR: A struggle for existence?

By Mr. Young:

Q. Are the families large?—A. I did not see any particularly large families.

Q. Where you got the four women in one home— —A. In that case it was just the mother and three daughters, two of whom were married.

Q. All living together?—A. There were several buildings there; I do not know whether they all lived in the one or not.

Mr. HEAPS: Is there any way to show how long this practice has been in effect?

By Mr. Sommerville:

Q. Can you tell me how long this has been going on?—A. No, but for the last seven or eight years. I gathered from what these people said, they have been doing it all their lives. I met an old woman who said she had sewed herself for years, referring to it as though it were something she had done all her life.

Mr. YOUNG: How does the living standard compare with the standard of living of those engaged in similar work in the city?

The WITNESS: It is pretty hard to compare that, sir; city conditions are so different.

The CHAIRMAN: There is a suggestion that while this has been prevalent a great many years, it has grown greatly in the last ten or twelve years, due to the bargain basement city sales system.

The WITNESS: I think most of this stuff—I would not say most of it—but a lot of these goods are sold through the mail order houses. They are the cheap trousers that you see advertised as moleskin, denim, and work trousers, the cheapest grades.

By Mr. Heaps:

Q. Mr. Glassco, how long has the minimum wage law been in effect in the province of Quebec?—A. I think it was first introduced in 1925, but I am speaking only from memory.

Q. For my own information, I should like to know if the change in the method of producing some of this clothing synchronizes with the introduction of the minimum wage law.

The CHAIRMAN: It might have grown larger. I think it was due to that, but we will see if we can get some information on that.

Mr. FACTOR: To evade the minimum wage law.

Mr. HEAPS: Yes.

Mr. EDWARDS: The minimum wage law does not apply to this particular story.

The CHAIRMAN: Mr. Heaps' point is, it has pressed out.

The WITNESS: These people would not be subject to it.

Mr. HEAPS: My contention is that the minimum wage law applied to the city of Montreal, and in order to evade payment of the minimum wage law under the act, they put the work out into the country districts where they could easily evade the act.

The CHAIRMAN: I have no doubt you are right.

By Mr. Sommerville:

Q. Will you just continue with your observations following that last instance of 80 cents to \$1.05 a dozen. What is the next information you have?—A. We found out who the contractors who we encountered in the country made for. We discovered that they made for a number of the companies which we have already mentioned, and for whom we have put in price spreads statements. We made a brief examination of one Montreal company for whom one of those contractors was delivering, and from the first of January to the 31st May, 1934, the total sales of pants by this company were \$54,000, of which approximately half were made to the order of the mail order branches of two of the larger distributors.

Mr. FACTOR: Did these manufacturers do some of the work themselves?

The WITNESS: They have their own shops as well, but they said they did not attempt to manufacture these cheaper trousers. They made overalls as well, and they made mainly overalls in their own shop.

By Mr. Sommerville:

Q. They made \$54,000 worth of these goods from the 1st of January to 31st May this year?—A. Yes, five months.

Q. That is that one contractor?—A. One manufacturer.

Q. One manufacturer did that?—A. They had at least one contractor distributing the work in the country.

Mr. FACTOR: Can you tell us where the \$54,000 worth of pants went?

The WITNESS: Yes, approximately half found its way into the large mail order houses.

Mr. FACTOR: Have you the exact figures?

The WITNESS: \$17,067 to one, and \$8,200 to another.

Mr. YOUNG: \$25,000 worth.

By Mr. Sommerville:

Q. Out of \$54,000? The prices paid for them being what?—A. To that contractor, 40 cents, 70 cents and 80 cents a dozen for boys' knickers.

Q. And then he sub-let them to the home-workers?—A. Yes, that would be at 30 and 35 cents.

Q. Did you look into the books of any of those truckers to see what they are making out of it?—A. They have no books, sir.

Q. The earnings?—A. The one we talked to said he made \$20 a week, and did a business of 150 dozen.

Q. One trucker said he did 150 dozen a week?—A. Yes, out of which he made \$20.

Mr. FACTOR: Not very prosperous.

By Mr. Sommerville:

Q. You don't know if that is after providing for his car and his gas?—A. No.

Q. Then just continue your narrative that you have on that?—A. The territory of which I am speaking is the territory on the south shore of the St. Lawrence, in a radius of perhaps twenty-five miles from Longueuil. There are certain territories and districts—parishes—which specialize in certain garments. Vests will be made in considerable quantities in one place, and pants in another. These centres are known to be capable of making a certain type of garment, being more or less experienced in it.

Q. In talking with these women who were doing this work, what was their observation to you?—A. Their main complaint was the decrease in the rates which they received, which had occurred in the past two or three years.

Q. What did that indicate?—A. It indicated that the rates had dropped very considerably—the decreases would be from say \$3 a dozen which they would receive in 1930 to possibly a dollar a dozen. I think that would be a conservative statement. In certain cases they mentioned it was a good deal more.

Q. What was their attitude?—A. Their attitude was mainly one of discontent with that condition of lowered earnings.

Q. Can you give us any idea of the extent of the output of this area that you were in?—A. It is very difficult to judge the capacity of the district. There were a great many houses in it which are making constantly. There are a number of these contractors travelling through it with trucks every day. I would judge, from the appearances of the portion I saw, that the output would be quite considerable. The fact that none of these garments were being made in the plants of the manufacturers in Montreal which we visited, would indicate that they relied principally upon this type of labour for that grade of merchandise.

By Mr. Factor:

Q. Is that confined to trousers and vests?—A. There are coats made, very cheap coats.

Q. But very few?—A. Well, boys' coats. We didn't see any volume of boys' coats.

By Mr. Sommerville:

Q. But you did find quantities of vests?—A. Yes, vests and pants of all sorts.

Q. And some coats?—A. Yes, some coats.

Q. You say you didn't find that any were being made in any of the factories which you visited in Montreal, and you did visit quite a number of them?—A. Yes.

Q. And some of these were factories which supplied this clothing to the department stores?—A. They were average-sized distributors of this grade of clothing. They were representative houses.

By Mr. Young:

Q. Were you in any of these houses at meal time?—A. No.

Q. You don't know how they fared?—A. No.

By Mr. Sommerville:

Q. Is there any other assistance you can give the committee in respect of this particular branch of the industry?—A. No, sir.

Q. I observe that the four contractors, on whom you have reported in this area, supplied these pants to five different companies?—A. Yes.

Q. And these companies were all named in the records which have already been put in evidence, as suppliers to the large department and mail order houses?—A. I am not sure that they all have, but they will all be mentioned. They either have been or will be mentioned in the succeeding companies which will be referred to.

Q. That has to do with the home work in country districts, and these are instances that you have given us where the contractor takes the pants or clothes from the shop through to the home workers?—A. Yes.

Q. I think you said, in the course of your narrative, that there were instances where sub-contractors came between?—A. Yes.

Q. And they took something off the price as well?—A. Yes.

Q. But that just adds to or complicates the situation, you say?—A. Yes.

Q. And perhaps, in the end, helps to reduce the price to the person who is actually making the clothes?—A. Yes, I think so.

Q. Will you tell us about the operations of the controlled contract shop in the country district? Will you just refer to your narrative?—A. What page is that?

Q. Page 22, I observe here?—A. Yes. This is dealing with a contractor employed in a small town about twenty-five miles from Montreal.

Q. Perhaps we had better deal first with the clothing company that employs this contractor?—A. Very well. That incidentally was the company that was dealt with when we were looking at the price spreads of mail order purchases by one of the department stores. I spoke about that, and this is the same company.

Q. This company is a company which we will call what?—A. "P".

Q. Yes, company "P". This company has already been mentioned as one of the companies that supplied substantial quantities of clothing to mail order houses and department stores?—A. Yes. This is a partnership which operated for some years in Montreal, manufacturing boys' and youths' clothing. The company's financial position is good, and the operations of the year ended 31st May, 1933, resulted in a net profit of \$7,135. The profits for the year ended 31st May, 1934, have not yet been determined, but the officials of the company estimate that the net profits will be greater than in the previous year.

By Mr. Factor:

Q. With respect to that \$7,000 profit, on what turn-over was that? Have you got that?—A. \$334,000. This year the turn-over has been \$448,000. They don't know what their profit is. About 70 per cent of sales for both years were to the departmental stores, who were allowed discounts up to 10 per cent on large orders.

By Mr. Sommerville:

Q. So that 70 per cent of their entire product in both years went to the large organizations?—A. Yes.

Q. Will you continue?—A. The garments are cut in the company's factory and the better grade of work is done there. They maintain their own shop. The balance of the labour is performed by contractors, some of whom make a complete garment while others perform only some of the operations. The garment being returned to the company for finishing. The company in its own shop employs approximately 50 workers, exclusive of cutters and shippers, but a substantial portion of the labour operations is performed under contract. The company deals with approximately 20 contractors.

Q. Twenty?—A. Yes, those doing the biggest volume being as follows: one in a country town making boys' pants and trousers at 45 cents to \$1.35 per dozen; an independent Montreal contractor doing about 50 per cent of the operations on coats at 22 cents to 60 cents per garment.

Q. The Montreal independent contractor does work on coats?—A. Yes.

Q. And the amount of work he does represents 50 per cent of the operations on the coat, and he gets from 22 to 60 cents per coat?—A. Yes.

Q. For men's coats?—A. Yes.

By Mr. Factor:

Q. You mean the balance is finished in the shop?

Mr. SOMMERVILLE: Yes.

Mr. NASH: Mr. Factor is asking you a question, Mr. Glasco.

By Mr. Factor:

Q. The balance is finished in the shop?—A. They bring them back to the shop for finishing and pressing.

By Mr. Sommerville:

Q. Will you proceed?—A. Thirdly, a contractor in a country town close to Montreal, who makes complete coats at 60 cents to \$1.35 per garment.

Q. That is for all operations on a man's coat?—A. Yes.

Q. 60 cents to \$1.35?—A. Yes.

By Mr. Factor:

Q. How does that compare with the price in the Montreal shop for this garment at 60 cents?—A. I do not think it is quite fair to make a comparison there, sir. The quality of the work and the operations are different.

By Mr. Sommerville:

Q. A cheaper grade of clothing?—A. Yes, a cheaper grade of clothing. These are boys. Then a large contractor in a town some 60 or 70 miles from Montreal which makes youths' coats at \$1.55 each.

Q. For the full operation?—A. Yes. And this is a contractor we spoke of a few minutes ago who makes cheap pants and trousers at 50 cents to \$1 per dozen, operating exclusively on home work in the country.

Q. So that this distributor has work in his own factory, work in the contract shops in the country, work in contract shops in the city, and home work in the country?—A. Yes. An examination of the company's pay-rolls showed that of 31 women employed in June, 1934, 26 were paid at less than the minimum wage rates. The company was recently fined for infringement of the minimum wage act and was required to pay over wage shortages totalling \$1,150 to 21 employees.

By Mr. Heaps:

Q. Was that the first prosecution the firm had?—A. I do not know, sir.

Q. You do not know if there was any prosecution last year?—A. I do not know if there were any.

By Mr. Kennedy (Winnipeg):

Q. Did that prosecution react on their employees at all? I do not mean in respect to getting money but was there any retaliation?—A. The prosecution took place before June and the rates in June showed that 26 out of 31 received less than the minimum wage.

Q. June of this year?—A. Yes, June of this year.

Q. Despite the prosecution they were still paid less than the minimum wage?—A. Yes, sir.

Mr. SOMMERVILLE: All right, Mr. Glassco.

The WITNESS: We investigated several of the contractors.

By Mr. Factor:

Q. In connection with this manufacturer?—A. Yes.

Mr. SOMMERVILLE: You mention a specific purchase?—A. Yes, of boys' and youths' suits. We went back to obtain the costs on those in order to show the whole history of the garment from the manufacturer to the public, and that will be referred to in statement Q-12.

By Mr. Factor:

Q. Did you investigate the wages of the male employees of that manufacturer?—A. The male employees were very highly paid.

Mr. SOMMERVILLE: A limited number though, were they not?

Mr. FACTOR: They only have 50 workers.

The WITNESS: There were 20 men approximately and that included some boys. The boys were paid from \$9 to \$12 a week, and the men were paid from \$16 to \$22 a week. Those are exclusive of cutters.

Q. You do not call from \$16 to \$22 a week highly paid?—A. Well, comparatively high paid.

By Mr. Sommerville:

Q. \$16 to \$22 a week were the highest paid men?—A. There was one man at \$40.

The first of the contractors making for this company which we investigated operates in a town about 25 miles from Montreal. He employed in June, 1934, 7 boys and 14 females. He manufactures pants for "P" company and his machines are owned by that company.

Q. When you say "boys" you mean young men from 15 to 20?—A. From 14 or 15 to 20. The company delivers the work to the contractor and picks up the finished work and also supplies the thread used by the contractor. The prices paid are as follows:—

Boys' knickers—60 cents per dozen.

Boys' long pants—\$1.10 to \$1.35 per dozen.

Infractions of the Minimum Wage Act are noted in this shop in the fact that 80 per cent of the female workers are apprentices and all female employees receive less than the minimum wage. Experienced girls are paid at an average rate of 12·4 cents per hour and apprentices at an average rate of 11·2 cents, which compare with Minimum Wage Board requirements of 18·1 cents, and 10·9 to 16·3 cents per hour respectively.

The 7 boys employed are paid an average hourly rate of 7·7 cents and these boys are from 14 to 18 years of age.

By Mr. Heaps:

Q. How long has this firm been in existence?—A. At least two years.

Q. And there has never been any prosecution?—A. Not that we know of.

By Mr. Factor:

Q. How long does the female help work there per day, the number of hours?

By Mr. Sommerville:

Q. Your real trouble in all these contract shops is to find hours, is it not?—

A. Yes sir. We have a record of the hours here, I believe. Yes, 37, 38, 42; I would say an average of 38 hours a week.

By Mr. Sommerville:

Q. You have given us the hourly rate?—A. The hourly rate compared with the minimum wage requirements.

Q. And you say that everyone of the females were paid less than the minimum wage?—A. Yes. June is a comparatively slack period in this trade.

Q. And the machines of this contractor are all owned by the company to which he supplies the material?—A. By company "P."

Q. I suppose it is easier for a manufacturer to underpay through a company than to underpay directly his employees. Now the next contract shop.—A. This is another contractor in the same town. We can call the contractor "T."

Q. If you call the first contractor "P-1" and the second contractor P-2 then they are connected with the company for which they are manufacturing.—A. Yes.

Q. This contractor is P-2.—A. This contractor operates in the same town and makes pants exclusively for company "P" who also owns the machines used by this contractor. The cartage is done by company "P," who also supply the thread.

The prices paid by company "P" to the contractor are as follows:—

Boys' Breeches—\$1.10 to \$1.30 per dozen.

Boys' Golf Knickers—\$1.10 to \$1.30 per dozen.

Boys' Short Pants—60 cents to 65 cents per dozen.

This is a small shop employing two boys and eleven women or girls. All the female employees are paid less than the minimum wage, the average rates to experienced employees being 12·5 cents as compared with a legal minimum of 18·1 cents. Inexperienced employees averaged 8·3 cents per hour against minimum requirements of 10·9 to 16·3 cents per hour. The average hourly wage for the two boys is 6 cents. Over 70 per cent of the females employed receive less than 10 cents per hour.

Q. Yes. Now the next one?—A. The next one we might call contractor "U."

By Mr. Factor:

Q. You mean he has nothing to do with this manufacturer?—A. No, he supplies to another manufacturer.

Q. Are you through with this manufacturer "P"?—A. Yes, I do not think we have anything more on him, sir.

By Mr. Sommerville:

Q. By the way, this contract business is largely a growth of the last six years is it not?—A. I think it has increased very materially in the last six years, sir.

Q. Now then, with regard to this contractor?—A. This contractor operates some 60 miles from Montreal, and makes coats, pants and vests. Up till recently he manufactured his coats in a shop within the Montreal minimum wage district but outside of the city, and his pants and vests in the town in which he now is. The coat shop which he formerly maintained in the Montreal district required minimum wages of from 12·7 cents to 22·7 cents per hour.

By the Chairman:

Q. Per hour?—A. Per hour. The wage which he is paying at the present time is 10·9 cents and 18·1 cents per hour.

By Mr. Sommerville:

Q. You mean, the scale he ought to pay?—A. He should pay. This contractor operates exclusively for company B, which advanced funds for the purchase of machinery and holds a lien thereon.

By Mr. Young:

Q. What is Company B?—A. A manufacturer doing \$400,000 a year, of which about 20 per cent goes to the large buyer. In January, 1934 a lease was made with the municipal authority of the town where he is now located, and has his factory, whereby factory property belonging to the city was leased for ten years at \$10 per year, the lease being renewable for a further period of ten years.

By Mr. Sommerville:

Q. That would be 20 years?—A. 20 years altogether. In addition the city granted this man exemption from all taxes including water taxes.

The CHAIRMAN: Oh.

The WITNESS: And the lease is conditional upon the payment of \$25,000 per annum in salaries. A further condition of the contract is that the contractor must obey the minimum wage and factory laws and employ only residents of the town.

The CHAIRMAN: Hear! hear!

The WITNESS: Shortly after the obtaining of this lease the contractor applied to the Minimum Wage Board for the suspension of the clause where apprentices were limited to 50 per cent of the total females, and his request was granted up to the first of December next. He said it was granted but he would not produce the letter. We saw the request and the reply from the Minimum Wage Board promising to consider the matter. In the absence of any record as to the experience of the workers employed, there is no evidence of any infraction of the Minimum Wage Law—71 out of 105 female employees were paid at the minimum rate of \$6 per week of 55 hours.

By the Chairman:

Q. That is below the minimum?—A. No, that is the minimum, sir; this is in the country.

The CHAIRMAN: I get you.

By Mr. Sommerville:

Q. And this is in the clothing industry; in the shoe industry it is a 48 hour week.

By the Chairman:

Q. This is the minimum rate with a maximum of hours allowed under the minimum wage law?—A. That is the lowest schedule, for cities under 15,000.

Q. They could not get much lower?

Mr. HEAPS: And not much higher in hours.

By Mr. Kennedy (Winnipeg):

Q. You say there was no infraction—you took these rates of wages and hours from their own say-so?—A. Yes.

Q. There is no other means of verification?—A. No.

By Mr. Sommerville:

Q. There is no record of the experience of the worker either?—A. There is no record kept of that.

Q. As to whether or not that worker was experienced in that industry elsewhere?—A. The contract started in this particular town in January with his first shop.

Q. Yes.

Mr. HEAPS: January of this year?

The CHAIRMAN: All right.

By Mr. Sommerville:

Q. And then?—A. Out of 34 male time workers, twelve were employed at \$5 per week or less, five received \$6, and five \$7 per week. Ten experienced male operators received an average of \$20.30 per week, equivalent to 37 cents per hour.

Q. Twenty-four were receiving less than \$7 per week?—A. Twenty-two.

Q. What type of garment is this manufacturer making?—A. These are more comparable to the city-made garments than that of any other contract we have seen.

Q. And that includes making the buttonholes, putting on the buttons and everything of that sort?—A. Everything.

By Mr. Factor:

Q. Can you compare the cost of such garments with similar garments made in a shop in Montreal?—A. It would compare, I should think, about \$1.50 to \$1.60; and the minimum price under union schedules in Montreal was around 25. The rates paid by Company B in June of 1934 were: for men's sack coats \$1.13½ each, pants 25 cents each, vests 25 cents each, top coats \$1.15 each, overcoats \$1.15 each. Working conditions in the factory appeared good.

The CHAIRMAN: Now, it is ten minutes to one. We will adjourn until 3.30 this afternoon.

The Committee adjourned at 12.55 p.m. to meet again this day at 3.30 o'clock p.m.

AFTERNOON SITTING

The Committee resumed at 3.30 p.m.

Mr. GLASSCO, recalled.

By Mr. Sommerville:

Q. Now, you have another firm, company "R"?—A. This company manufactures low-priced suits and overcoats, and it started operations in 1922 with a capital of \$5,000. The sales for the year 1933 were approximately \$470,000 of which approximately \$70,000 were to one of the largest department stores and approximately \$15,000 to other departmental stores. An examination of the company's operating statements for the past three years, shows that on a capital of approximately \$100,000, the profits before salaries or drawings by the owners, represented a return of 29 per cent on the capital employed. The only labour operations performed in the Montreal plant of this firm is cutting, and all work is contracted out for the making operations.

Mr. HEAPS: What was the capital employed, \$5,000?

The WITNESS: That is what this firm started with in 1922. It is now \$100,000.

Mr. HEAPS: They made profits of \$29,000?

The WITNESS: 29 per cent on \$100,000.

Mr. YOUNG: Does the \$100,000 represent investment?

The WITNESS: Yes.

Mr. SOMMERVILLE: Before salaries.

The WITNESS: It is not a limited company; it is a partnership. The 29 per cent was before salaries or drawings.

Mr. EDWARDS: That is not the net return.

The WITNESS: No; salaries have to come out of that.

Mr. SOMMERVILLE: The company does not make anything in Montreal; it simply cuts the cloth.

The WITNESS: Yes.

Mr. FACTOR: Men's suits.

The WITNESS: Yes, low priced suits and overcoats, a very cheap line of garments. The partnership owns a limited company with a shop in a small town not very far from Montreal.

Mr. SOMMERVILLE: The contractor?

The WITNESS: A contract shop. In this plant are made all the sack coats sold by the company. The pants and vests are made under contract with another contractor in Montreal. This contractor in Montreal receives 35 cents a garment, a garment being a pair of pants and a vest. They receive 35 cents for each of them, which is an increase of 5 cents over the rates paid before the strike in Montreal in September, 1933.

Mr. YOUNG: 35 cents a garment?

The WITNESS: Yes, 35 cents for a pair of pants, and 35 cents for a vest.

Mr. YOUNG: I thought you said this morning 35 cents for a dozen?

Mr. FACTOR: These were boys'.

The WITNESS: These are different grades of clothing. Offsetting this price of 35 cents, however, is an arrangement—I am speaking of the Montreal contractor who makes the vests and pants—whereby he pays \$50 a month to company "R" which is said to be rental for factory premises owned by company "R" in a town outside of Montreal. These premises are not used by the contractor.

By Mr. Sommerville:

Q. Company "R" had premises in which they formerly had a contractor of their own?—A. Yes.

Q. These premises are now vacant?—A. Yes.

Q. This Montreal contractor has taken a contract for 35 cents a garment, 35 cents for a pair of pants, and 35 cents for a vest?—A. Yes.

Q. But he pays \$50 a month to company "R" as— —A. Nominally as rent for those premises.

Mr. FACTOR: What do they pay for those coats in Montreal?

Mr. SOMMERVILLE: We will have all that later.

The WITNESS: It is a bit higher than that, sir. An analysis was made of the wages paid by the controlled limited company doing the contract on the coats in the outside town. This company receives \$1.35 and \$1.40 per garment. Out of 42 female timeworkers, 17 received less than the minimum wage, and a further infraction of the Minimum Wage Act occurs in the proportion of apprentices to total females employed. There are only two females paid for experienced.

By Mr. Sommerville:

Q. Forty of them are paid as inexperienced females?—A. Yes. There are 51 male employees, of whom 33 receive \$7 a week for 55 hours, or lower rates—

Mr. FACTOR: Married men?

The WITNESS: I do not know that, sir. There are some boys and some older men. An examination by Mr. T. B. Hurson of the wages paid by the Montreal contractor of this company—

Mr. SOMMERVILLE: By the Montreal—

The WITNESS: The wages paid by the Montreal contractor who makes pants and vests showed that 80 per cent of the female employees received less than the minimum wage.

By Mr. Heaps:

Q. Do you know of any efforts made in recent times to organize these girls into unions?—A. At the present time, sir, there is an effort being made to organize the coat contractors of this company.

Q. Is there a strike at that firm just now?—A. No, not a strike.

Q. Do you know of any efforts being made or that have been made in some way by others to offset it?—A. I do not know of any unusual efforts. There is always a resistance against an organization in a town which has not previously had it in this country.

Q. Do you know if, of recent times, there has been any organization amongst the coat workers outside of the city of Montreal?—A. I don't know that.

Q. Do you know that there is a strike in one of the factories now, outside of Montreal?—A. Yes, and that strike is under the auspices of the same union which was trying to organize this shop.

Q. Do you know if the Prime Minister of the province of Quebec has protested against these men or women being organized?—A. I don't know that, sir.

By Mr. Sommerville:

Q. This company that you have just dealt with, being "R," supplies goods to the large departmental stores?—A. Yes, \$70,000 to one and \$15,000 to others, out of a total of \$470,000.

By Mr. Young:

Q. \$85,000?—A. \$85,000 for the year.

Q. Less than 25 per cent?—A. Yes.

By Mr. Sommerville:

Q. These firms are mentioned in the schedules already filed on the price spreads of the various companies?—A. Yes.

Q. That also applies to company "P" and company "V," does it not?—A. Yes.

Q. In each case?—A. Yes, in each case.

Q. We have some examples of boys' suits from company "P," in the mail order department of one company, laid down cost, \$6.04; catalogue selling price, \$9.45; initial mark-up, \$3.45 or an initial mark-up of 56.46 per cent at Toronto and an initial mark-up of 52.25 per cent at Regina?—A. Yes.

Mr. YOUNG: Was this narrative not printed?

The CHAIRMAN: No, I don't think so.

By Mr. Sommerville:

Q. Was this narrative printed?—A. A portion of it. It has been added to since. I have a portion of it available.

Mr. SOMMERVILLE: There were a lot of names in it.

Mr. YOUNG: We had the narrative printed with the names of the merchants who were buying from these people and we were going to follow it out. Now we know who the merchants are, but don't know who the manufacturers are.

Mr. FACTOR: Mr. Young feels that the committee should know.

Mr. YOUNG: I think we are entitled to know with whom we are dealing.

Mr. SOMMERVILLE: Yes.

By Mr. Factor:

Q. You have not got an extra copy?—A. No, I am afraid I have not. I have given out all I have.

Mr. SOMMERVILLE: Here we have another one of the same department store, the mail order department, 2-pant suits from company "P."

The WITNESS: Those are men's suits.

Mr. SOMMERVILLE: 2-pant men's suits, yes. Laid down cost, \$8.80; sale price, \$13.98; a mark-up of \$5.18 or a mark-up of 58.86 per cent in Toronto and a mark-up of 54.70 per cent in the west. Another one, men's suits—

Mr. YOUNG: Is that company "P"?

Mr. SOMMERVILLE: Yes, from the same company "P". Laid down cost, \$8.22; sale price, \$12.75; mark-up, \$4.53 or 55.11 per cent.

Mr. KENNEDY (Winnipeg): What page is that, Mr. Sommerville?

Mr. SOMMERVILLE: It is not on that sheet. We are going back to the records that have already been filed.

The CHAIRMAN: Of the department stores.

By Mr. Factor:

Q. Can we trace one of these suits and see what it cost to the manufacturer, and what profit he made in selling it to the store?—A. I think we have that in those printed statements that we distributed.

Mr. SOMMERVILLE: We will get those later. That will be shown.

Mr. FACTOR: All right.

By Mr. Sommerville:

Q. Now, there were some other manufacturers of men's clothing that you looked into also?—A. Yes, sir. We went into these companies first in order to

ascertain the cost of the advertised garments, and we had difficulty in obtaining accurate costs in many cases. But we obtained some information as to the type of organization, and where we could, as to the wages paid.

Q. And the companies were companies that you inquired into as a result of advertisements by the large departmental stores?—A. Yes.

Q. That were brought to your attention?—A. Yes, advertisements; and catalogues in the case of mail order merchants.

Q. Yes?—A. The first one is labelled company "H".

Mr. YOUNG: What page is that?

Mr. SOMMERVILLE: That is page 17.

The WITNESS: Mr. Sommerville, in connection with the selection of this merchandise, Mr. Johnston was responsible for the selection of the merchandise, and he referred to us these examples which he felt should be followed back.

By Mr. Sommerville:

Q. And he got those from the firms in which investigation was being made, departmental firms?—A. Yes.

Q. Yes?—A. The first company is company "H", which business has been established for a number of years, and up to about five years ago was carried on by an individual as a sole trader. About 1929 a limited company was formed to take over the business and practically all of the capital stock is now owned by this family. During the past three years the company has about broken even, after paying management salaries, and appears to be in fair financial condition. About 90 per cent of the total output of this company is sold to the departmental stores, and all large buyers appear to pay approximately the same prices. The company operates a cutting factory in Montreal and owns factory premises at Joliette.

Q. Factory premises?—A. Yes. Joliette is a country town in which there are a number of contracting clothing shops.

Q. When you say "factory premises", is that a contracting factory?—A. Well, they own the building.

Q. But they do not operate it?—A. No. Apart from cutting suits and coat, however, all manufacturing is carried out by labour contractors who occupy the Joliette premises and pay rent to the company.

By Mr. Heaps:

Q. How long have they been at Joliette?—A. I can't tell you that without reference to these notes.

Q. It has some bearing on the question I raised this morning, the length of time they have been there.

Mr. SOMMERVILLE: There are a large number of them.

Mr. HEAPS: Yes, but I think you will find they all went about the same time, about seven or eight years ago.

The WITNESS: The past two years.

By Mr. Heaps:

Q. Two years?—A. Yes.

By Mr. Sommerville:

Q. Yes?—A. Owing to the fragmentary nature of the records of these contractors generally, we did not, at the time of the original investigation of this particular company, attempt to obtain the wages paid outside of the city of Montreal; but we presented some evidence this morning which applied to similar contracting jobs.

By Mr. Heaps:

Q. May I ask another question along the same lines. Prior to two years ago was all their clothing made in the city of Montreal?—A. I don't know that. I know that this contract arrangement in Joliette has only been in effect two years.

The CHAIRMAN: You mean this firm?

Mr. HEAPS: Yes, this particular firm.

By Mr. Heaps:

Q. Prior to manufacturing at Joliette, did they manufacture coats in the city of Montreal?—A. I don't know.

Mr. SOMMERVILLE: Apparently not; because they owned the factory in Joliette and this firm started in that factory two years ago. So they must have had a factory more than two years ago.

Mr. HEAPS: But the factory was in Montreal before two years ago.

Mr. SOMMERVILLE: No. They owned a building, another building, and these people have been occupying this building for two years.

Mr. HEAPS: Prior to that period they were manufacturing in the clothing industry in the city of Montreal.

The CHAIRMAN: Oh, yes.

Mr. SOMMERVILLE: They are still in the clothing industry.

Mr. HEAPS: They only do their cutting there now.

Mr. SOMMERVILLE: That is all they did. What were they doing with their factory in Joliette before that?

Mr. HEAPS: What were they doing with the factory in Montreal before that?

Mr. SOMMERVILLE: The same as they are doing now.

The WITNESS: I can find that out for you.

Mr. SOMMERVILLE: All right.

The WITNESS: Generally, however, the amounts paid to labour contractors are much below labour costs for the same operations in some of the Montreal factories which were visited. One specific line inquired into in this company showed the following rates paid to contractors:—

Making coat.. . . .	90 cents
Making trousers.. . . .	35 cents
Making waistcoat.. . . .	32 cents

These perhaps will be more comparable when those statements are put in that we have had printed.

By Mr. Sommerville:

Q. That is a total of \$1.57 for an entire suit of clothes?—A. Yes.

Q. Is that a 3-piece suit or a 4 piece suit?—A. That would be a 3-piece suit.

The CHAIRMAN: Don't make it any worse than it is.

The WITNESS: It is a 3-piece suit, without cutting.

By Mr. Sommerville:

Q. A 3-piece suit, without cutting?—A. Yes.

By Mr. Factor:

Q. That is the amount paid to the contractor?—A. Yes.

Q. That is not the amount that the worker received for making up that suit?—A. No.

Mr. SOMMERVILLE: Oh, no.

The CHAIRMAN: The operative would get about 20 to 30 per cent less than that; probably about a dollar.

Mr. FACTOR: That would be \$1.57?

The CHAIRMAN: Roughly speaking, about 25 to 30 cents off that, \$1.25.

Mr. YOUNG: Does the contractor take the same margin on a suit where making a coat is 90 cents?

The CHAIRMAN: It would not make much difference, if the operative got that. It is bad enough.

Mr. FACTOR: He didn't get it, though. That is the point I am making.

The CHAIRMAN: No.

Mr. FACTOR: On one suit, just imagine an operator getting less than \$1.50. It is the most shocking thing I ever listened to.

By Mr. Sommerville:

Q. Will you continue?—A. The selling prices of this company generally appear very low, and the specific transactions referred from the investigation of one of the departmental stores shows practically no profit accruing to the manufacturer, in spite of the extremely low costs obtaining under this method of operation. The particulars of this specific transaction are shown in statement Q-12.

Q. We have that?—A. It shows a number of them.

The CHAIRMAN: We will go into that later.

Mr. SOMMERVILLE: Q-12 shows a large number.

Mr. FACTOR: You say nothing in this company about wages paid at all.

The CHAIRMAN: Except that they are lower.

Mr. FACTOR: Yes, except that they are lower. That is, the records were so incomplete you could not get a picture of the wage scale. Is that right?

Mr. SOMMERVILLE: That is, with the contractor.

The WITNESS: The contractor. We didn't attempt to. We knew that other avenues of investigation were being followed in connection with the contractor, and at that time we made no effort to obtain that.

By Mr. Sommerville:

Q. The records were fragmentary?—A. Yes, usually. Mr. Hurson had a lot of trouble.

By Mr. Factor:

Q. What about pay? This firm only pays the cutters. It only cuts garments?—A. Yes. Cutters are usually well paid.

Q. But it does not carry on any other operation in its own manufacturing plant in Montreal?—A. No.

Mr. YOUNG: I notice that a certain store is mentioned here as one of the principal purchasers of that company. I wonder how that institution is going to explain itself if we don't tell them from whom they bought these goods. If we call the owners of that store here and ask them to explain their dealings with this company, but we don't tell them the name of the company, how are they going to do it?

Mr. SOMMERVILLE: We would not refuse to tell them.

Mr. YOUNG: It is not going into the record. Where are they going to get it?

Mr. FACTOR: It is in the records right here, the records of the committee.

The CHAIRMAN: The whole thing will be filed here in the hands of the committee. Any member can get it at any time. It is just a question for the moment—as I said yesterday and to-day—as to whether or not we should disclose the names of these individual firms, inasmuch as we have not got all. I am in the hands of the committee, but I think perhaps we are following the best course at the moment.

Mr. FACTOR: I think so.

The CHAIRMAN: I will leave it to the committee.

Mr. YOUNG: If I were a merchant accused of buying too cheaply from someone, I would at least want to know who that someone was.

The CHAIRMAN: Yes, but we are not quoting either the merchant's name or the other. We will have that ourselves.

Mr. HEAPS: Nobody would accuse Mr. Young of doing a thing like that.

Mr. YOUNG: I never was able to do it.

Mr. SOMMERVILLE: They will get the information on any of these. The next company?

The WITNESS: The next company is company "J." That has been in operation for some years and is a partnership owned by the son. It is one of the few concerns in Canada manufacturing from a special type of cloth and only a small proportion of the business done is with departmental stores. A scrutiny of the sales invoices indicated that large buyers pay the regular prices for this company's products.

By Mr. Sommerville:

Q. It is a specialty house?—A. Yes. Several specific transactions with one particular departmental store were investigated and are referred to in schedule Q-12.

By Mr. Factor:

Q. You did not investigate the wages paid?—A. No.

By Mr. Sommerville:

Q. And the next company?—A. Company "K." This company has been in business for some years and recently became financially involved, the main reason being bad debt losses. The volume of business done with departmental stores is very limited and a reasonable profit appears to be obtained on the sales made to large buyers.

A specific transaction referred from the investigation of one of the department stores is referred to in schedule Q-12.

Company "L." This business has been carried on for a number of years, the company being owned by the principal of the business and his family. The balance sheet indicates a healthy financial condition and recent operations have been profitable.

About one-third of the company's total output is sold to departmental stores who receive a discount of from 10 per cent to 15 per cent from prices charged to the smaller retailers.

A sale of 300 boys' suits by this company to a departmental store was referred for investigation as to costs. These suits were sold to the store at \$1 each and the initial retail selling price was \$1.60 representing a mark-up on cost of 54 cents.

By Mr. Sommerville:

Q. That is the whole boy's suit?—A. Yes, sir.

Q. For \$1?—A. Yes. The details of this transaction are shown in statement Q-12. The cost of making the coats, 20 cents each, was observed to be extremely low and the company's officials stated that this sale was made to establish relations with the departmental store and in order to make the price attractive the company had the coats manufactured by a reformatory school at a cost considerably below that at which the company itself could make them. It will be observed that the manufacturer made a reasonable profit on this transaction.

Mr. FACTOR: In this case, Mr. Chairman, the way I feel this afternoon I would be inclined to subpoena the departmental store involved and find out if they knew that this clothing was manufactured by practically prison labour. It is a shocking affair to me, just to put it on record without further investigation.

The CHAIRMAN: Supposing we complete this, Mr. Factor. I think there will be a number of things you will want to ask. I am quite willing. Just make a note of it, Mr. Factor, and bring it up when we get this part of it complete. I think there are a number of these things that should be put right up to them.

The WITNESS: The bulk of this company's products consists of cheap boys' suits, men's working pants, golf knickers and breeches. A certain amount of manufacturing is done by the company's own employees but the cheaper lines are to a large extent made by contractors in the country districts and in Montreal.

By Mr. Sommerville:

Q. That is, they have four contracting firms that do the contract work for this company?—A. They have more than four, sir, but these four principal ones are the only ones we noted.

Q. Yes, they do the cheaper lines through those contractors?—A. Yes, sir. The wages paid to the company's own employees conform to order No. 11 of the Minimum Wage Board, which applies to overalls, shirts, cotton underwear, cotton dresses, etc. The rates payable under this order are from 10 per cent to 20 per cent lower than payable under order No. 8, which covers women's, men's and boys' clothing.

Q. They are not paying the right rate.

By the Chairman:

Q. They have got the wrong classification.—A. They appear to be making principally boys' clothing?

Mr. SOMMERVILLE: Yes.

The WITNESS: This company was recently fined—

The CHAIRMAN: That is a new evasion to me.

By Mr. Sommerville:

Q. The company was recently fined?—A. Yes, the company was recently fined for infractions of the Minimum Wage Act.

The rates paid to contractors, particularly those operating in the country districts, appear substantially lower than the cost obtainable for the manufacture of the same garments in the company's own factory. For men's pants—

By Mr. Factor:

Q. What about the wages received from the contractor on these men's pants?

Mr. SOMMERVILLE: We had one of these.

The WITNESS: P-3 this morning was the one who did the largest amount of home work.

The CHAIRMAN: Tragic.

The WITNESS: For men's pants these contractors received from \$1 to \$1.30 per dozen, the company's factory costs running from \$2.40 to \$4.20 per dozen. Boys' shorts are contracted out at from 40 cents to 60 cents per dozen, which prices compare with \$1.20 to \$1.45 per dozen in the company's own factory.

Mr. SOMMERVILLE: This company sold about a third of its output to departmental stores and we have had some examples in the records already filed and price spreads on the goods received from this company by different departmental stores?

The WITNESS: Yes.

Mr. FACTOR: Of course, if the contractor received \$1 in that case they retained from 20 to 80 cents; that means the amount paid the men would be from 80 cents to \$1 per dozen.

The CHAIRMAN: From 85 to 95 cents because there was 5 cents off for thread. It is all recorded as a matter of fact.

By Mr. Sommerville:

Q. Yes, the next one?—A. The next one is company "N" which is a partnership which has been in business for a number of years. The company's working capital appears to be limited but a small profit was made last year.

Approximately 80 per cent of the total sales in 1933 were sold to two departmental stores who received discounts depending upon the quantities purchased.

The company employs a number of labour contractors who operate in the company's plant. A specific sale to a departmental store was investigated, details of which appear on schedule Q-12.

Q. That covers the cross section of a number of the firms in Montreal manufacturing clothing and who supply the department stores?—A. Yes, sir.

Q. You have dealt with some six of them, together with the contractors and those who deliver and supply the work to homes?—A. Yes, sir.

Q. Will you now turn to the other companies, the larger companies in Montreal?—A. The first company is company "A," and it manufactures men's suits in Montreal, having been in business since 1922. It manufactures a good grade of men's clothing. It is incorporated under Letters Patent of the province of Quebec with an authorized capital of \$49,000 of which \$40,000 is issued.

During the past five years the company's operations have been profitable and the principals received substantial salaries. The financial position of the company is good. Net earnings in relation to invested capital have been as follows:—

	1929	1930	1931	1932	1933
Capital and surplus.. . . .	\$40,444	\$64,972	\$79,033	\$107,909	\$130,389
Net profits.. . . .	26,487	15,118	32,153	26,043	12,504
Percentage of earnings on invested capital.. . . .	65.5	23.3	40.7	24.1	9.6

Those figures are after salaries.

The company sells to small retailers and to departmental stores throughout Canada. In 1933, sales to departmental stores totalled \$280,000 or 43 per cent of the total, and included sales of \$188,000 to the largest customer.

By Mr. Factor:

Q. In this capitalization I notice it rose from \$79,000 in 1931, to \$107,000 in 1932, how is that accounted for?—A. Well, just by not withdrawing the profits, sir, by leaving the profits in.

Approximately 80 per cent of the orders booked in 1933 were examined and prices to large and small buyers compared, from which analysis the following facts appear:—

1. The two largest buyers purchased at 10 per cent to 20 per cent below other customers.
2. In many cases sales to the largest buyer were made at average prices for garments falling within several price ranges.

By Mr. Sommerville:

Q. Let us clear that up. What do you mean by that?—A. The company sets its selling price based entirely on the cost of the material. The materials are purchased and allocated to five different ranges depending upon the cost.

Q. Five ranges of suits?—A. Yes.

Q. And each range has a separate cost?—A. Yes.

Q. Each has a separate price?—A. Yes, because the cost of making is the same for all grades of cloth.

Q. And then to the big buyer they might put in a \$9 suit, or \$10 or \$11?—A. And invoice them all at \$10.

3. In the case of large stores, buyers for one unit bought more cheaply than buyers for another unit of the same organization.

Q. That is competition amongst the buyers?—A. Yes. An examination of the company's manufacturing and profit and loss accounts indicates that on the whole sales to large departmental stores contributed very little to the selling and administrative expenses and profits of the company and that had the whole of the output been sold at the prices charged to the largest buyer, the company would not have covered its general expenses. I think it is only fair, sir, to point out that had they sold all their output to one customer they would not have had the same volume of administrative expenses and selling expense, but it gives some indication of the comparative selling price.

By Mr. Kennedy (Winnipeg):

Q. But with the administrative set-up that they had, had they sold all their output at the price charged to this customer they would have operated at a loss?—A. Yes, sir.

Mr. YOUNG: But they would not have had the same set-up.

Mr. KENNEDY (Winnipeg): I am not saying whether they would or not.

The WITNESS: The company uses English and Canadian fabrics—

By Mr. Kennedy (Peace River):

Q. Could the factory keep running on the price basis at which it sold to the largest buyer?—A. The average price the largest buyer would give the factory gave a profit at the volume at which it was working, but the gross profit would not in the total be equivalent to the expenses that the company actually had during the past year; they were not selling below cost.

By Mr. Kennedy (Winnipeg):

Q. The net result would be a loss?—A. The net result would be a loss if they had done that.

Mr. YOUNG: If they maintained an organization to sell to the retail store and did not use it they would have lost money, that is what you mean.

Mr. FACTOR: I think we can content ourselves with the first portion of the statement.

The WITNESS: The company uses English and Canadian fabrics which are allocated to five different price ranges depending upon the cost of the material. The company manufactures only the coats, both the waist-coat and trousers being made by contractors in its own shop.

By Mr. Sommerville:

Q. And you found this practice common with manufacturers?—A. Very common.

Q. They make the coats themselves?—A. The coat is the most difficult operation.

Q. But the vest and trousers are made by contractors?—A. In many cases, sir.

The trend of labour costs is indicated by the following comparison of total labour cost (including both the company's employees and contractors) with the total cost of garments manufactured in each of the past five years.

In 1929 the total cost of manufacturing was \$416,000; and the labour cost included therein was \$123,523, or 29·6 per cent of the total cost.

Q. What do you mean by total cost of manufacturing?—A. It includes material, labour and factory overhead.

Mr. HEAPS: What percentage of that was overhead?

The CHAIRMAN: For the moment we are just showing the labour costs.

The WITNESS: I think 9 per cent, Mr. Heaps. That percentage of labour to total cost decreased as follows:—

In 1929 it was 29·67 per cent

In 1930 it was 29·55 per cent

In 1931 it was 27·85 per cent

In 1932 it was 26·37 per cent

In 1933 it was 23·22 per cent

By the Chairman:

Q. But the volume had increased?—A. Yes.

By Mr. Young:

Q. If you could give us the percentage in relation to the cost of material, it would be very interesting?—A. In regard to the cost of material.

Q. Yes?—A. If you take the overhead at 10 per cent—I could work it out for you.

Mr. FACTOR: We can go into that when we examine the textile industry.

Mr. YOUNG: This is not the textile industry, this is garment making.

The CHAIRMAN: Let us go on with what we have. There are a lot of these questions, and we can try and get that information later on.

The WITNESS: Having regard to the facts that for the years 1929, 1930, and 1931, material costs were falling, due largely to the drop in sterling exchange, the decrease in labour cost would be more pronounced than is indicated by the above percentages. In the same way, rising material costs in 1933 would partially account for the further recession shown that year. Normally the effect

of falling material costs would be to increase the percentage of labour costs; but in spite of that abnormal reaction labour costs went down as the material costs went down.

By Mr. Sommerville:

Q. So that labour costs really must have receded by a greater rate than is indicated by the figures?—A. A strike occurred in September, 1933, as a result of which labour costs in Montreal advanced from 10 per cent to 15 per cent. The following comparison indicates the cost of making men's suits with two pairs of pants before and after the strike: direct labour on a coat made by piece work in the spring of 1933 was \$1.60; after the strike it was \$1.86. Direct labour on a vest made by a contractor was 34 cents before the strike and 36 cents afterwards. Direct labour on two pairs of pants made by a contractor was 86 cents in the spring of 1933 and 90 cents after the strike. The direct labour of cutting which is time work was 47 cents before the strike and 53 cents after; making a total direct labour on 2 pants suits of \$3.27 before the strike and \$3.65 after.

Q. That was a four-piece suit?—A. Yes.

Mr. FACTOR: In this connection, Mr. Chairman, I would just like to repeat that I would like to get the comparative cost at Toronto showing conditions and costs before the strike and after; we have had a great deal of concern about this particular firm as affecting the Toronto situation.

The WITNESS: I think we have that, Mr. Factor, on the printed statement; we will come to it. Trimmings cost \$2.15 in the spring of 1933 and \$2.30 after the strike in the fall. Overhead was 50 cents in each case. The total cost, excluding the cloth, was \$5.92 before the strike and \$6.45 after.

By Mr. Kennedy (Winnipeg):

Q. How long were they on strike?—A. I think two or three weeks. The whole industry in Montreal went on strike.

Q. The complete industry?—A. Yes, it was a general strike of clothing workers.

By Mr. Sommerville:

Q. These are the direct labour costs in the fall of 1933; \$3.65 for a 4-piece suit—suits that sell at \$20, \$25 and \$30 retail?—A. Yes.

By Mr. Factor:

Q. The net result of the strike was that the workingmen got 38 cents more per suit?—A. In this company that is the case, yes.

By Mr. Young:

Q. Is this the firm that instructed its retail distributors to advance the price 25 per cent because of the advanced labour cost?—A. I do not know that, sir.

Mr. SOMMERVILLE: I have not heard that.

Mr. YOUNG: You have not?

Mr. SOMMERVILLE: No.

By Mr. Sommerville:

Q. At any rate, these costs which you have given us are the same for all classes of material?—A. Yes, they have only one standard of making.

Q. So the total cost exclusive of cloth, overhead trimmings and total labour was \$6.45?—A. Yes, sir.

Q. On suits that sell to the public at prices ranging from \$20 and \$25 to \$30?
—A. That scale is still in effect, that is the cost to-day.

Q. That is the cost to-day?—A. Yes.

Wages: The company operates a non-union shop and pays most employees on a piecework basis. No records were available prior to the first of January, 1934, of the number of hours worked by employees, but an examination of the payrolls indicates that since that date female employees were bonused if necessary to bring them up to the minimum wage set by the Quebec Minimum Wage Board. For purposes of comparison the wages paid during the three weeks ended the 24th March, 1934, and the three weeks ended the 25th March, 1933, were analyzed. This period was stated by officials to be the busiest period in both years. The wages of all factory employees, except cutters and foremen, who worked for the full three weeks in 1934, were compared with the wages paid for the same period in 1933 and the result of this examination is shown in statements No. Q-1, 2, 3, and 4. In these schedules male and female employees are classified as to experience.

Q. I wonder whether we had better just look at these now. What was the purpose of statement Q-1?

MEN'S CLOTHING MANUFACTURER "A"

COMPARATIVE AVERAGE WEEKLY WAGES DURING THREE CONSECUTIVE WEEKS ENDED 24TH MARCH 1934 AND 25TH MARCH 1933

A. Female Pieceworkers employed Both in 1933 and 1934

Operator	Experience (in 1934)	Operation	All Employees			Employees with two years' experience or over			Employees with less than two years' experience		
			1934		1933	1934		1933	1934		1933
			Hours	Wages		Hours	Wages		Hours	Wages	
				\$	cts.		\$	cts.		\$	cts.
1	2 1/2 years	Tickets.....	59	16.76	13.03	59	16.76				
2	2 1/2 years	Finisher.....	53	14.81	12.30	53	14.81				13.03
3	3 1/2 years	Top Collar.....	53	17.97	17.18	53	17.97				12.30
4	3 1/2 years	Sew Flaps and Welts.....	60	17.62	12.75	60	17.62				
5	3 1/2 years	Sleeve.....	53	15.39	10.85	53	15.39				
6	2 1/2 years	Clean Coats.....	30	10.50	10.73	30	10.50				
7	2 1/2 years	Clean Coats.....	58	16.53	12.75	58	16.53				10.73
8	4 1/2 years	Fell and Tack under Collar.....	55	15.29	14.87	55	15.29				12.75
9	5 1/2 years	Baste Edge by Machine.....	58	19.09	21.69	58	19.09				
10	2 1/2 years	Fell Tape and Tack Facing.....	59	19.31	12.96	59	19.31				12.96
11	3 1/2 years	Baste Collar and Shoulder.....	55	15.35	16.00	55	15.35				
12	3 1/2 years	Top Collar.....	56	17.66	14.76	56	17.66				
13	4 1/2 years	Sew Lining by Machine.....	50	14.98	19.14	50	14.98				
14	3 1/2 years	Sew Bees.....	58	16.91	13.29	58	16.91				
15	1 1/2 years	Sew on Tape.....	60	15.17	9.72				60	15.17	9.72
16	2 years	Making Welt.....	57	14.03	11.61		14.03				11.61
17	3 1/2 years	Vees and Join Coats.....	55	16.61	14.22	55	16.61				
18	3 1/2 years	Fell Button by Machine.....	57	15.32	12.61	57	15.32				
19	3 1/2 years	Finisher.....	53	14.82	11.70	53	14.82				
20	3 1/2 years	Sew on Button.....	61	18.14	18.47	61	18.14				
21	3 1/2 years	Baste Lining and Tack Facing.....	59	23.42	21.34	59	23.42				
22	2 1/2 years	Sew Top Collar.....	53	15.15	15.06	53	15.15				
23	1 year	Finisher.....	53	12.64							15.06
24	1 1/2 years	Finisher.....	50	12.76	15.00				53	12.64	8.20
25	6 1/2 years	Fell Top Collar.....	56	16.81	16.48		16.81		50	12.76	15.00
26	1 1/2 years	Finisher.....	54	18.27	15.44						
27	3 1/2 years	Finisher.....	54	15.16	14.38				54	18.27	15.44
28	3 1/2 years	Finisher.....	58	16.34	10.86		15.17				
29	5 1/2 years	Baste Sleeve Pad, etc.....	62	19.30	20.67	58	16.34				
30	6 1/2 years	Join Coats.....	53	19.71	19.13	62	19.30				
31	3 1/2 years	Stitch edge and Close Shoulder.....	57	22.47	17.04	53	19.71				
						57	22.47				17.04

32	6½ years	Mark Sleeve Lining.....	58½	16.84	14.71	58½	16.84	14.71	.....
33	4½ years	Finisher.....	54	15.34	13.27	54	15.34	13.27	.....
34	7½ years	Tack Pocket.....	61½	17.57	14.60	61½	17.57	14.60	.....
35	1½ years	Examiner.....	60½	15.17	12.82	.....	.....	.....	12.82
			1,957½	579.22	509.63	1,677½	505.21	360.01	149.62
								280	74.01
		Number of Women.....	35				30	23	5
		Average Weekly Wages.....	\$16.55		\$14.56	\$16.84		\$15.66	\$14.80
		Average number of hours.....	56		56*	56		56*	56
		Average rate per hour.....	\$ 0.29½		\$ 0.26*	\$ 0.30		\$ 0.28*	\$ 0.26½
		Minimum Wage.....				\$ 0.28½		\$ 0.18-0.25	\$0.18-0.25

* Estimated on basis of 1934.

A. That shows the employees who were employed both in 1933 and 1934 female pieceworkers.

Q. Yes?—A. And it shows the average for three weeks in each of the periods indicated in 1933 and 1934, the average weekly wages, the average hourly wages, etc. The summary shows 35 women employed in 1934 and of the 35 women 30 were experienced operators, five had less than 2 years' experience; inexperienced employees received an average weekly wage of \$16.84.

Q. That is female?—A. That is female, sir.

Q. Making coats?—A. It worked out an average rate of 30 cents per hour as against the minimum wage provision of $28\frac{2}{5}$ cents per hour; so that they were over the minimum. Five inexperienced operators received an average wage of $26\frac{2}{5}$ cents an hour or \$14.80 a week; the minimum wage requirement being 18 cents and 25 cents an hour, so they were over there as well.

Q. These are all coat operators?—A. Yes.

Q. And these are higher paid operators than on pants or vests?—A. The earnings of these employees increased from 1933 to 1934. The average of all women, the weekly wage increased from \$14.56 in 1933 to \$16.55 in 1934.

Q. Yes, following the strike.

By Mr. Heaps:

Q. Who called the strike, do you know?—A. There were two unions in the field, and I believe the strike occurred as a result of trouble between the unions—competition—and there was a certain amount of unpleasantness.

By Mr. Sommerville:

Q. So these plants kept up the minimum for women on the average?—A. Yes. Statement Q-2 shows the rates received by female pieceworkers employed in 1934 only. Out of 31 workers 7 were experienced with 2 years' experience or over, and 24 were apprentices.

Q. And these are also coats?—A. Also coats.

Q. That means that a large proportion of the workers were paid as inexperienced workers?—A. On this statement, sir, if you take all the females as represented by statement Q-1 and Q-2, they are not over 50 per cent, although very close to it.

Q. I see, yes?—A. The average weekly wage of these operators was \$11.72 for $53\frac{2}{5}$ hours, or an average rate per hour of 22 cents.

Q. The other 24?—A. The 24 inexperienced operators, apprentices, received an average weekly wage of \$10.91 for $54\frac{2}{5}$ hours, or an average rate per hour of 20 cents as against the minimum wage schedules of 18 cents to 25 cents.

Q. So that, on the average, they would be below the minimum wage scales?—A. No, sir, above the 18 cents and under the 25; they are just within the schedules.

STATEMENT No. Q-2

MEN'S CLOTHING MANUFACTURER "A"

AVERAGE WEEKLY WAGES DURING THREE CONSECUTIVE WEEKS ENDED 24TH MARCH, 1934

B. Female Pieceworkers Employed Less Than One Year

No.	Experience	Operation	All employees		Two years experience or over		Less than two years experience	
			Hours	Amount \$ cts.	Hours	Amount \$ cts.	Hours	Amount \$ cts.
1	9 months	Assistant Operator.....	60½	14.78			60½	14.78
2	2½ years	Finisher.....	58½	16.55	58½	16.55		
3	7 months	Machine.....	61	11.31			61	11.31
4	1½ years	Sew Lining.....	49½	10.96			49½	10.96
5	2½ months	Finisher Apprentice.....	52½	8.34			52½	8.34
6	6 months	Make Lining.....	55½	13.31			55½	13.31
7	8 months	Fell under Collar.....	55½	9.91			55½	9.91
8	4½ months	Collars.....	56½	12.09			56½	12.09
9	7½ months	Fell Collar.....	50	9.16			50	9.16
10	3½ years	Make Top Collars.....	55½	16.55	55½	16.55		
11	2½ years	Baste Lining and Facing.....	58½	17.51	58½	17.51		
12	1½ years	Finisher.....	56½	14.67			56½	14.67
13	10½ months	Finisher Apprentice.....	51½	9.27			51½	9.27
14	5½ months	Fell under Collar.....	55	13.27			55	13.27
15	3½ months	Basting Canvas.....	57½	10.60			57½	10.60
16	4½ months	Basting and Pulling.....	59½	9.57			59½	9.57
17	3 years	Finisher.....	52½	14.99	52½	14.99		
18	15 years		46½	13.26	46½	13.26		
19	3½ months	Finisher Apprentice.....	47	7.64			47	7.64
20	4½ months	Examiner.....	53½	10.12			53½	10.12
21	4½ months	Finisher Apprentice.....	51½	8.19			51½	8.19
22	1½ years	Finisher.....	51½	13.03			51½	13.03
23	2½ months	Finisher Apprentice.....	57½	9.52			57½	9.52
24	4½ months	Machine.....	57½	10.94			57½	10.94
25	4½ months	Make Sleeves.....	56½	11.05			56½	11.05
26	1½ months	Finisher Apprentice.....	45½	8.21			45½	8.21
27	8½ months		54	18.73			54	18.73
28	.....	Make Vies.....	54	8.60			54	8.60
29	3½ years		34	9.69	34	9.69		
30	2 months	Canvas by Machine.....	53½	8.61			53½	8.61
31	14 years		45½	12.97	45½	12.97		
			1,656½	363.40	351½	101.52	1,305	261.88
Number of Women.....			31		7		24	
Average Weekly Wages.....			\$11.72		\$14.50		\$10.91	
Average number of hours.....			53½		50½		54½	
Average rate per hour.....			\$ 0.22		\$ 0.29		\$ 0.20	
Minimum Wage.....					0.28½		0.18-0.25	

MEN'S CLOTHING MANUFACTURER "A"

COMPARATIVE AVERAGE WEEKLY WAGES DURING THREE CONSECUTIVE WEEKS ENDED 24TH MARCH, 1934
AND 25TH MARCH, 1933

C. Male Pieceworkers Employed in 1933 and 1934

No.	Experience	Operation	Weekly Average		
			1934		1933
			Hours	Wages	Wages
				\$ cts.	\$ cts.
1		Tailor.....	58 $\frac{4}{5}$	9.00	9.00
2	1 $\frac{1}{4}$ years..	Presser.....	56	16.58	10.75
3		Press Tape and Canvas.....	54 $\frac{1}{5}$	14.60	9.07
4		Under Baste Facing.....	55 $\frac{1}{3}$	14.17	11.29
5		Pad Lapel.....	56 $\frac{3}{4}$	10.16	6.65
6		Turn Edges.....	57	11.31	7.06
7		Press Lining.....	60 $\frac{1}{3}$	17.50	14.41
8	3 years..	Press Lining.....	56 $\frac{1}{6}$	14.25	14.49
9		Press Edge and Collar.....	59 $\frac{4}{5}$	20.79	15.13
10	1 $\frac{1}{4}$ years..	Press Vies.....	56 $\frac{1}{3}$	11.75	5.79
11		Pockets.....	61 $\frac{1}{2}$	9.97	8.61
12		Press Arm Hole.....	58 $\frac{1}{3}$	20.61	15.73
13	1 $\frac{1}{4}$ years..	Pull Bastings.....	31 $\frac{1}{2}$	9.63	6.52
14		Press Canvas.....	42	9.62	5.28
15		Press Lining.....	54	14.12	10.70
16		Pad Lapel.....	60 $\frac{1}{3}$	10.37	8.38
17		Shape Front.....	57 $\frac{1}{3}$	18.24	20.03
18		Sleeve Matcher.....	59 $\frac{1}{6}$	15.52	8.52
19		Silk Facing.....	62	30.74	27.80
20		Examiner.....	56 $\frac{2}{3}$	20.00	17.00
21		Finish Presser.....	63 $\frac{1}{6}$	32.67	29.38
22		Armhole Creasing.....	60 $\frac{5}{6}$	17.23	11.43
23		Press Fronts.....	60 $\frac{1}{2}$	16.61	10.61
24	7 $\frac{1}{4}$ years..	Finish Presser.....	62 $\frac{1}{6}$	25.53	21.06
25		Finish Presser.....	61 $\frac{1}{2}$	28.86	26.49
			1,441 $\frac{1}{2}$	419.83	331.18
Number of Men.....				25	25
Average Weekly wages.....				\$16.79	\$13.25
Average Number of hours.....				57 $\frac{2}{3}$	*57 $\frac{2}{3}$
Average rate per hour.....				\$0.29	\$0.23

* Estimated on basis of 1934.

STATEMENT No. Q-4

MEN'S CLOTHING MANUFACTURER "A"

AVERAGE WEEKLY WAGES DURING THREE CONSECUTIVE WEEKS ENDED 24TH MARCH, 1934

D. Male Pieceworkers Employed Less Than One Year

No.	Experience	Operation	1934	
			Hours	Wages
				\$ cts.
1	1½ years..	Canvas and Basting.....	58	5.27
2	9 months.	Tack Welts.....	58½	10.05
3	.....	Canvas and Shaping.....	59½	7.02
4	.....	.....	60	20.00
5	4 months.	Presser.....	55½	8.64
6	.....	Pad Lapel.....	58½	11.09
7	.....	Pull Bastings.....	60½	13.08
8	.....	Presser.....	58	11.61
9	1 year....	Pull Bastings.....	57	7.45
10	.....	Pull Bastings.....	56½	6.36
11	.....	General.....	57	5.18
12	.....	Presser.....	61½	9.74
13	.....	Presser.....	58	8.95
14	.....	.....	38	14.78
15	.....	Machine Apprentice.....	53½	6.88
16	.....	Porter.....	58	8.00
17	.....	Mark Buttons.....	58	10.06
18	6 months.	Press Sleeves.....	57½	9.28
19	9 months.	Sew Pockets by Machine.....	52½	8.03
20	.....	Pull Bastings.....	61½	5.58
21	.....	Presser.....	58½	16.93
22	.....	Pull Bastings.....	58	8.66
23	.....	Pull Bastings.....	58½	5.22
24	9 months.	Trim Pockets.....	57½	6.56
25	3 months.	Pull Bastings.....	57	5.18
			1,427½	229.60
Number of Men.....				25
Average Weekly wages.....				\$ 9.18
Average number of hours.....				57
Average rate per hour.....				\$0.16
Minimum Wage for inexperienced female worker (per hour).....				\$0.18

Q. What does statement Q-3 show?—A. Statements Q-3 and Q-4 show the men employed on coats in this shop. They are all pieceworkers, and in schedule Q-3 are shown the pieceworkers who were employed both years, and that consists of 25 men mainly pressers and tailors and men doing the more advanced operations. The average weekly wages of these men in 1933 was \$13.25, or 23 cents an hour; in 1934 they were receiving an average of \$16.79 a week, or 29 cents an hour.

By the Chairman:

Q. I notice that eight of them received less than \$12 a week—A. Eight received less than \$12 a week.

By Mr. Sommerville:

Q. How do these male workers compare with the female workers—30 women got 30.1 cents an hour, and 25 men got 29 cents an hour?

Mr. YOUNG: The women got 20 cents and the average for the men is 23.

Mr. HEAPS: It was 28 cents an hour for experienced women.

The WITNESS: That schedule shows a number of fairly well-paid men, pressers and tailors; it also includes all the full-paid mail employees who were employed in both years. In Q-4 we have the male pieceworkers employed less than a year, and their wages are given for the three weeks ending the 24th March, 1934. This also covers 25 employees who received an average weekly wage of \$9.18 for 57 hours, or an average hourly wage of 16 cents, as against the minimum wage for female workers of 18 cents per hour.

By the Chairman:

Q. That is 2 cents an hour below the lowest minimum wage for women?—A. Yes.

Mr. SOMMERVILLE: In this case they are sweated men.

Mr. HEAPS: I suppose the men want a law to protect them now, do they?

The CHAIRMAN: They need it.

By Mr. Young:

Q. You say these men are making coats?—A. All these are operators on coats alone.

By Mr. Kennedy (Peace River):

Q. And that is the well-paid part of the business?

The WITNESS: There are no records to indicate the experience of male piece workers and the 1933 records were so incomplete that no attempt was made to examine the 1933 wages for employees not still in the company's employ at the time of our examination. We have only gone back to 1933 for the employees who were still there in 1934.

Mr. FACTOR: Did you examine the workers on trousers?

Mr. SOMMERVILLE: We are coming to that right now, that is on that pay.

The WITNESS: The characteristic of this company's operations appear to be as follows: The company employs a high percentage of workers described as inexperienced, and divide the manufacture of a suit into a greater number of operations than is the practice generally in the trade, and this requires fewer skilled operators.

By Mr. Sommerville:

Q. Just develop that, what do you mean by that?—A. A shop employing cutters in the ordinary way, the average cutter in the trade in Montreal, does

more than cutting, he lays the patterns out, he uses the knife and cuts the pieces; whereas, in this company the cutters' work is restricted by the division of labour to the highly skilled operations.

Q. Of cutting?—A. Yes, and the boys or apprentices must follow around and do a lot of operations which in other shops are done by the cutters themselves.

Q. That is one illustration, does that same thing hold throughout the various operations in the plant?—A. Yes.

Q. In other words, they have increased largely the number of operations on each coat?—A. I believe they have over 80 odd operations on a coat.

Q. As against?—A. 60 to 65.

Q. In their plant.

Mr. FACTOR: 60 to 65 is the normal amount?

The WITNESS: It seems about the average in other Montreal shops.

By Mr. Sommerville:

Q. They can employ more inexperienced help because the operation is a more simple one?—A. Yes, they develop more simple operations.

The company employs relatively a high proportion of female workers.

By Mr. Young:

Q. Are female workers more efficient at this kind of work than the men?—A. I do not know, sir. There are certain operations which you nearly always find men doing—putting in sleeves and certain technical operations, and most of the operators you see doing them are men, and they usually have a higher proportion of male operators in the Montreal shops than this company shows.

The company pays lower wages to male employees than to experienced female employees.

By Mr. Factor:

Q. That condition was seen also in the shoe industry. It is a rather peculiar condition. It seems to me that the men have been getting the worst of it both in the shoe industry and in this industry.

Mr. KENNEDY (*Winnipeg*): It is a question of the minimum wage law, is it not?

The WITNESS: They are obeying the minimum wage law as to women to-day.

By Mr. Factor:

Q. Yes, but there is a minimum wage law which fixes the minimum wage as to women but which has not fixed it as to men?—A. No, sir.

The labour cost of manufacturing a suit coat is lower than would obtain under union schedules.

This company employs two labour contractors who operate on the company's premises. One is a limited company which makes trousers, and vests are made by another contractor. A brief examination of the available records of these contractors discloses the following information: firstly, the limited company making the trousers was incorporated in July, 1933, and had complete records showing hours of labour and experience of female workers. The payrolls examined showed that 6·7 per cent of the experienced and 66·7 per cent of the inexperienced females received less than the minimum wage, the combined percentage being 29·2 per cent which is 9·2 per cent more than allowed under the Minimum Wage Act.

By Mr. Sommerville:

Q. And this contractor is the man who received 45 cents a pair for trousers?
—A. Yes.

By Mr. Factor:

Q. Is this contractor controlled or owned by the manufacturing company?—
A. I do not believe he is, sir.

Q. He is an independent contractor?—A. As far as I know.

By Mr. Sommerville:

Q. He just operates for this company?—A. Yes, in the adjoining room.

There were 24 females employed who received an average hourly wage of 30.73 cents but the average paid to the 16 male employees for the same period was only 16.52 cents per hour for the same period.

Q. And that is half the minimum wage?—A. Yes.

Q. That is in the pants department?—A. In the pants contracting. The vest contractor had very incomplete wage records but examination of the payroll for a week in March, 1934, disclosed 40 per cent of the female workers receiving less than the minimum wage. The average hourly wage for all females was 28.1 cents per hour and for men 36 cents per hour.

Q. On vests?—A. On vests they paid the men a great deal more than they did in the case of pants.

Q. Schedule Q-12 shows the cost of manufacturing, selling price, mark-up, etc., on merchandise sold to department stores and statements G-8 and G-9 show comparisons of manufacturing costs in several Montreal factories and costs in factories of departmental stores and other shops in Ontario.

Statement Q-11 shows wage statistics in comparative form as obtaining in Montreal and Toronto shops.

Q. With reference to company "A," we have had in evidence so far a large number of examples of suits made by this firm—specially made-to-measure suits with laid down cost \$16.48 selling price \$25, mark-up \$8.51, percentage of mark-up to cost 51.67 per cent. Made-to-measure suits for men \$19.13 laid down cost, selling price \$30, mark-up \$10.86, 56.81 per cent of mark-up to cost. Two-pant suits laid down cost \$17.07, selling price \$28.40, mark-up \$11.33, 66.38 per cent on cost. The next one—laid down cost \$17.08, selling price \$28.46, mark-up \$11.38, 66.67 per cent on cost.

By Mr. Factor:

Q. You say that Q-11 shows the comparative wage in Montreal and Toronto shops. I cannot make that out?—A. Q-11 shows the average hourly wage paid to female pieceworkers divided as experienced and inexperienced; inexperienced men having less than two years' experience, and the average hourly wage to all female workers in five factories.

Q. Where, in Quebec or Ontario?—A. Some in each.

By Mr. Young:

Q. Where is "D"?—A. "D" is in the country in Quebec.

Q. Where is "C"?—A. "C" is in the city of Montreal, "A" is in the city of Montreal, "B" is in the city of Montreal and "G" is in Toronto.

Q. "G" is the only one in Ontario?—A. Yes, in that statement.

COMPARATIVE WAGE STATISTICS OF MANUFACTURERS OF MEN'S CLOTHING IN SPRING OF 1934

	Manu- facturer "D"	Manu- facturer "C"	Manu- facturer "A"	Manu- facturer "B"	Manu- facturer "G"
	cts.	cts.	cts.	cts.	cts.
Average Hourly Wages Paid—					
Female Pieceworkers—					
Experienced.....	19.7	29.3	30.0	29.0	34.7
Inexperienced.....	16.0	19.9	21.2	15.7	20.7
All Female Pieceworkers.....	19.5	27.7	26.1	27.6	33.7
Male Workers—					
(No details available as to experience).....	27.0	51.7	22.6	42.2	57.5
Average hourly Wage of all Workers.....	21.6	41.7	24.6	35.8	42.5
Classification of Employees—					
Female Pieceworkers—	%	%	%	%	%
Experienced.....	53	33½	32	39½	58½
Inexperienced.....	19	7½	25	4½	4½
Total Female.....	72	41	57	44	63
Male Workers.....	28	59	43	56	37
Total.....	100	100	100	100	100

NOTE.—The above statistics do not reflect wages paid by labour contractors who manufacture trousers and waistcoats for the following of the above Companies:—

- Manufacturer "C"
- Manufacturer "A"
- Manufacturer "B"

By Mr. Sommerville:

Q. That indicates that in the case of "D" company the average wage to all workers was 21.6 as against "G" 42.5?—A. Yes, sir.

Q. Just double in the Toronto company?—A. That is the highest and the lowest.

Q. And in the "A" company 24.6—that is the company we have just been dealing with—is the average wage to all workers?—A. Yes.

By Mr. Factor:

Q. May I ask you, without disclosing any names in this Toronto schedule, how you arrived at that? Where did you get the information—from the factory or where?—A. One of the investigators for the committee made examination of this manufacturer in connection with another angle and made a report to us as to these costs.

Q. And these are the wages paid in that manufacturer's plant?—A. Yes, sir. I think I have been talking about the wrong one. The statistics shown for "G" are our own investigation.

By Mr. Sommerville:

Q. Your own investigation of the wages in that factory?—A. Yes.

Q. And that is the factory of a departmental store in Toronto?—A. Yes, sir.

By Mr. Factor:

Q. But that does not show the accurate wage picture in Toronto?—A. There are other plants paying higher wages, I understand, but we happened to have these costs available, resulting from this investigation of the department store and I had them inserted here for comparative purposes to show us the comparative cost of making a suit and paying labour in Toronto as against Mont-real.

Q. We will get the wage schedule for the other manufacturers?—A. Yes. The significant point in this statement Q-11 as far as manufacturer "A" goes is the fact that he is by far the lowest in the average wage paid to male workers which is 22·6 cents per hour, and the next lowest is the Montreal manufacturer who pays 27 cents an hour, whereas the other Montreal manufacturers pay 51·7 and 42·2 cents per hour and the Toronto manufacturer pays 57 cents an hour. Having the lowest wage paid to male workers, the percentage of male workers employed is 43 per cent of the total which is not out of line with the Montreal manufacturers and is much higher than the Quebec country manufacturer or manufacturer "G" in Toronto.

By Mr. Sommerville:

Q. And these wages you have referred to do not reflect the wages paid by the contractors for pants and vests for these firms?—A. No, sir.

Q. These are only the wages on the coats for these firms?—A. For company "A".

Q. So that on a comparison of wages for all the operations which are performed in other factories by the various companies this would not be a correct comparative statement of the wages on the whole suit?—A. No; not entirely, sir.

Q. All right. Take the next company?—A. Company "B." This company was incorporated under letters patent by the Dominion of Canada in February, 1933, and has carried on business in the city of Montreal as manufacturers of men's suits and overcoats. The overcoats and suits of this company are high quality merchandise and sell considerably higher than sales in company "A"—they are a little better than company "A."

Q. The merchandise sells at a better price than company "A," and is a little higher quality again?—A. Yes.

Q. It is, perhaps, the highest quality we have?—A. Possibly, sir.

The authorized capital is \$100,000 of which \$40,000 is issued. The company's financial position shows a net worth at 30th November, 1933, of \$53,655 and there appears to be adequate working capital for current needs. Operations have not been particularly profitable, and although small profits were made in 1929, 1930 and 1931, moderate losses were encountered in 1932 and 1933. An analysis of the sales for the year ended 30th November, 1933, showed that sales to departmental stores were approximately 65 per cent of the total sales of the company, the balance being made to smaller retailers throughout Canada. The company's largest customer purchased \$108,000 and sales to the next largest customer amounted to \$55,000—these comparing with total sales for the year of approximately \$300,000.

Q. To these two departmental stores \$163,000 of their goods were sold out of a total of \$300,000?—A. Yes, sir. There appeared to be very little uniformity in the prices charged various classes of customers and a number of sales were made at reduced prices where stock was being cleared. Sales to the largest department store in certain cases were made at an average price for a number of garments from several regular price ranges, but no conclusion was reached as to the spread in prices to department stores and others.

A comparison was made of the number of labour costs of making men's suits with two pairs of trousers and men's overcoats in the spring of 1933 and in the fall of 1933 after the Montreal strike, as follows: In the spring the total direct labour was \$4—\$2 in making the coat, 30 cents for the vest, two pair of trousers \$1 and 70 cents for cutting. After the spring the coat cost \$2.25, the vest 35 cents, the trousers \$1.10 and the cutting 75 cents, or a total of \$4.45, an increase of 45 cents after the strike.

Q. In this plant, manufacturing the highest grade clothing, the direct labour was \$4 in a suit that sells for \$30 to \$35?—A. Before the strike, sir—\$4.45 after the strike. The trimmings in this case amounted to \$2.50, the overhead allowance was 50 cents, making a total cost exclusive of cloth before the strike \$7, and \$7.45 afterwards. The costs of overcoat are as follows: direct labour \$3.60 before the strike and \$4.32 afterwards; trimmings were \$2.65 in each period. The overhead was 50 cents in each period, making a total cost exclusive of the cloth of \$6.75 in the spring, and \$7.47 in the fall of 1933 after the strike. The costs are higher than at the other plants reviewed which appears to be due partly to the higher quality garment manufactured by this company and partly due to the greater proportion of garments made to special specifications.

The company operates a union shop and, with the exception of cutters and foremen, most of the employees are paid on a piecework basis. The results of an examination of the payroll records of females for the two weeks ended 31st March, 1934, and 24th March, 1933, are shown in statement 25. While the wages paid in the 1933 period were above the minimum wage rates, in the March 1934 period, 47.4 per cent of the female workers received less than the minimum wage set by the Quebec Minimum Wage Board.

Mr. SOMMERVILLE: Based on the piecework basis?

The WITNESS: 57 per cent of the total employees in March, 1934, were male workers who, excluding cutters and foremen, received an average hourly wage of 42.22 cents. Contrary to the general trend in this industry, the wages paid in 1934 were considerably lower than those paid in 1933.

The CHAIRMAN: Due to switching to piecework?

The WITNESS: No, I do not think so. I think in 1933 they were considerably above the average in their wage scale.

Mr. HEAPS: After the increase of pay after the strike, the wages are lower now than they were before.

The WITNESS: The costs I gave you after the strike, sir, are in the fall of 1933. The earnings that were compared at the present time are in March, 1934, and it appears the decrease has taken place during the winter of 1933 and 1934.

Mr. HEAPS: It is strange after they received an increase of 10 to 15 per cent that their earnings would be lower now than they were previously.

Mr. SOMMERVILLE: The wages paid by this firm are shown in comparative form of the Montreal and Toronto factories on q-11.

The WITNESS: Yes.

Mr. SOMMERVILLE: Give us the next firm. You have some samples of this firm and the records show that to one department store the laid-down cost was \$19.15, the selling price \$29.50, a mark-up of \$10.35 or 54 per cent; a four-piece suit laid down at \$18, selling price \$29.50, a mark-up of \$9.50 or 52 per cent. Then we have a three-piece made-to-measure suit laid down at \$17.67, selling price \$26.50, a mark-up of \$8.83 or 50 per cent; then we have a four-piece suit made to measure, laid down at \$17.03, a selling price of \$25, a mark-up of \$7.97, or 46.8 per cent.

The CHAIRMAN: Company "B."

Mr. SOMMERVILLE: Company "B."

The CHAIRMAN: The next is company "C."

The WITNESS: This company was incorporated under letters patent of the Dominion of Canada in May, 1925, and has carried on business in Montreal as manufacturers of men's wear, including suits, overcoats, and topcoats. The issued capital is \$35,000. The net worth at 31st December, 1933, was \$124,237 and the company's working capital appeared sufficient for current needs. The

company earned large profits in 1929 and 1930, and smaller profits in the years 1931 and 1933, although the volume of the business increased considerably the latter years. Substantial salaries were paid to the owners.

The bulk of this company's sales, which approximate \$1,100,000 per annum, has been to departmental stores as follows:—

1931, 74 per cent of total sales.

1932, 74 per cent of total sales.

1933, 64 per cent of total sales.

The largest single customer is one of the department stores to which approximately 50 per cent of the company's sales were made in each of these three years. The company also sells to smaller retailers throughout Canada.

By Mr. Sommerville:

Q. Sales to this company would run to approximately half a million dollars?—A. Half a million dollars.

Q. To the largest departmental store?—A. An extensive analysis of the sales was made to determine the comparative prices at which merchandise was sold to large and small customers. In many instances, sales to departmental stores were made at an average price and included garments from several different price ranges, but generally it would appear that the departmental stores purchased at 5 per cent to 7½ per cent lower prices than the smaller dealers.

The trend of the labour costs for the past five years is illustrated by the following statement showing the relation of wages expense, including contractor's labour, to the total cost of manufacturing for each year. In 1929 the percentage of the labour costs to the total cost was 28·3; in 1930, it was 27·1 per cent; in 1931, it was 26·6 per cent; in 1932, it was 25 per cent, and in 1933, it increased to 28 per cent.

Q. As a result of the strike?—A. Yes. It should be borne in mind that for the years 1929—

Mr. NASH: Those comparisons are on the total cost, including material.

By Mr. Sommerville:

Q. Again the same condition prevails with reference to the——A. Company "A."

Q. The drop in wages may be considerably more because of the drop in price of the material?—A. Yes. It should be borne in mind that for the years 1929, 1930, 1931, the cost of material has fallen, so that the drop of wages was probably more pronounced than these figures indicate, and in September, 1933, a strike had the effect of increasing wages paid by this company generally from 15 to 18 per cent.

Comparative costs of making ready-made suits, made to measure suits and overcoats, are shown in statement Q-6. The statistics as to the made to measure suits are included because of the fact that this company supplied one of the departmental stores with a large number of made to measure suits for its special sales in 1932 and 1933. Reference to these suits was made in the report on that department store. Do you want Q-6? The company operates a union shop and, with the exception of cutters and foremen, practically all employees are paid on a piecework basis. Wages were analysed for four consecutive weeks in March 1933 and 1934. Except for the week ended 17th March, 1934, for which records were available of hours worked by female pieceworkers, employees' time cards were not regularly punched, either in 1933 or 1934.

Q. So it was impossible to fix the available hours?—A. Yes; as a consequence, in order to obtain another basis of comparison on an hourly scale, it

was necessary to use the record of hours worked by female workers for the week ended 17th March 1934; and further to assume that male and female workers worked the same number of hours, and that the weekly number of hours worked during the 1933 and 1934 periods were the same.

Q. That is an assumption you had to make?—A. Yes. The results of this analysis are set out in statement Q-7. This statement shows higher wages being paid to all classes of workers in 1934 than in 1933. It will be noted that approximately 20 per cent of the female workers were not fully experienced and that the number of male operators was 77 as compared to a total of 54 females.

The minimum wage for fully experienced workers is 23½ cents, and the average wages paid to this class of employee in 1933 is shown to be 26·2 cents per hour.

Q. Less than the minimum wage?—A. Yes. This figure, however, is subject to the accuracy of the estimates and assumptions made and should the actual number of hours worked in 1933 have been less than in the same period in 1934, the average hourly wage would be higher than shown. It is not possible to get anything conclusive on that.

The CHAIRMAN: Because of their records?

The WITNESS: They did not keep a record of their hours; the time clock is not punched, sir.

The CHAIRMAN: A firm like this ought to keep records for minimum wage purposes.

The WITNESS: It should sir, yes.

The CHAIRMAN: The minimum wage inspector could not possibly check it up; he would have to take their assertion.

The WITNESS: Yes, they would have to take their word.

Mr. NASH: He could check up the weekly wage paid.

The CHAIRMAN: He could not check the hours.

Mr. NASH: Only by the envelope, that is all.

The WITNESS: There were no records to indicate the experience of male pieceworkers, but the average wages paid are shown to be almost double those paid to female pieceworkers, which is in direct contrast to Company "A" where examination showed half the male employees receiving less than the minimum wage for inexperienced girl apprentices.

All the waistcoats are made by contractors on the company's premises. A brief examination of the payrolls for March 1934 showed average weekly earnings of females to be \$17.42 and male operators received an average of \$24.90. A comparison of the effective hourly rates was not possible in the time available, due to the condition of the wage records.

By Mr. Sommerville:

Q. This firm has contractors in the shop?—A. Yes, making waistcoats.

Q. A large proportion of the work was done by contractors in the shop?—A. Yes.

Q. Of the total wage scale of \$267,000 paid in 1932, how much was paid to contractors?—A. 1932?

Q. Yes?—A. \$267,000 altogether, \$222,364 was paid to contractors as against \$44,319 to their own employees.

Q. Five to one?—A. Approximately.

The CHAIRMAN: About five-sixths was paid to contractors?

The WITNESS: Yes, sir.

By Mr. Sommerville:

Q. And the contractors at that time were contractors on vests and pants?
—A. Yes, sir.

Q. They contracted for all of them? You have not any check on the wages paid in 1932 to these contractors?—A. No, sir.

Q. The contractors did not keep records which enabled you to make a check on those?

Mr. FACTOR: Except the payroll of 1934.

The WITNESS: Yes, sir. Mr. Hurson, I believe, made an investigation of the particular transactions.

Mr. SOMMERVILLE: Give us the next transaction please, made to measure suits at \$16.50.

The CHAIRMAN: These are the famous \$16.50 made to measure suits?

The WITNESS: Yes sir. The first order of made to measure suits was taken in September 1932 and included 1,000 3 piece and 4 piece suits. This information was furnished by Mr. Hurson who made a detailed examination of the costs and the details of manufacturing these garments.

By Mr. Sommerville:

Q. That is, the first \$16.50 suit was made in this factory?—A. In September 1932. The first order this company made was in September 1932; I think it was almost the first as well.

Q. I understood that this is where the first suit came from?—A. I think sir, it was the first suit unless they made some in their own factory before.

Q. At any rate, we have had information that in September and December they put on big sales?—A. Yes.

Q. In 1932?—A. Of these first suits, the three piece suits were sold at \$11 to the departmental store.

Q. And retailed by the department store at \$16.50?—A. \$16.50. The four piece suits were sold at \$12.80.

Q. Retailled at \$21.50?—A. \$21.50. In January 1933, a larger order was obtained and 2,160 suits were delivered. Of these, 1,092 suits were four piece suits, and 1,068 were three piece suits, and they were entirely manufactured by Company "C" and its labour contractor, with the exception of 260 suits which were made from the cloth of the departmental store, cut in the departmental store's own workroom and completed by company "C."

Q. This department store cut the cloth in its own factory?—A. Yes.

Q. But it did not make up the cloth?—A. No, sir.

Q. It was sent to Montreal to be made up?—A. Yes, sir; so that out of the 2,160 suits, 1,900 were completely manufactured by Company "C" and 260 were partially manufactured by the departmental store.

Q. Yes?—A. The suits were made from various cloths ranging in cost from 91 cents to \$2.06 per yard, the distribution being as follows:

8 suits with cloth at \$.91 per yard							
37	"	"	"	"	1.03 $\frac{1}{2}$	"	"
901	"	"	"	"	1.17	"	"
160	"	"	"	"	1.21 $\frac{3}{4}$	"	"

By Mr. Kennedy (Peace River):

Q. Would that be on account of the variation of the wages or the quality of the cloth?—A. It is a matter of the cloth, sir.

By Mr. Sommerville:

Q. Will you continue?—A. Yes.

196	suits	with	cloth	at	\$1.30 $\frac{3}{4}$	per	yard
219	"	"	"	"	1.35	"	"
41	"	"	"	"	1.41 $\frac{1}{2}$	"	"
58	"	"	"	"	1.50	"	"
111	"	"	"	"	1.67	"	"
76	"	"	"	"	1.70	"	"
93	"	"	"	"	2.06	"	"

Mr. SOMMERVILLE: In other words, the majority of the suits were selected from a cloth at \$1.17, when the cost of the other cloth was up to \$2.

Mr. YOUNG: These suits sold for two prices?

Mr. SOMMERVILLE: No, they sold for one price. The 3-piece suit was what?

The WITNESS: \$16.50, and the 4-piece for \$21.50, retail.

By Mr. Sommerville:

Q. Will you continue?—A. The price of the 3-piece suit on this particular order remained at \$11, but the 4-piece suit was increased from \$12.80 to \$14.50. The cost and gross profit range of these suits was therefore as follows: (a) 3-piece suits, showing the low cost, the average cost and the high cost, based on the yardage used above, and the highest and lowest cost of the material in the average.

Q. The labour in each case was the same?—A. Yes, the labour in each case was the same.

Q. That is, the manufacturing cost—

The CHAIRMAN: Fluctuated with the price.

By Mr. Sommerville:

Q. The manufacturing cost was \$5.13?—A. Yes, for the 3-piece suit.

Q. And that manufacturing cost covered overhead, trimmings?

Mr. FACTOR: It is shown on 2-C.

Mr. SOMMERVILLE: Yes.

The WITNESS: Overhead, trimmings, trimming labour and cutting.

By Mr. Sommerville:

Q. Let us have labour without trimming, direct labour?

The CHAIRMAN: \$4.40.

The WITNESS: You want it without cutting?

By Mr. Sommerville:

Q. Direct labour—no, with cutting?—A. Cutting is 75 cents; making coat, \$1.55; making pants, 31 cents; making vest, 37 cents; a total without trimmings of \$2.98.

Q. \$2.98 was the entire direct labour cost in the making of the \$16.50 suit?—A. Yes.

Q. And with an addition of— —A. 57 cents for overhead.

Q. With an addition of 31 cents more for a 4-piece suit?—A. Yes, about that.

Q. No, 41 cents more?—A. Yes, 41 $\frac{1}{2}$ cents more for the 4-piece suit.

Q. \$3.39 for making the 4-piece suit?—A. Yes.

Q. Yes, labour cost?—A. There is a certain element of labour in the overhead, in the way of foremen, repairing machines and so forth.

By Mr. Factor:

Q. That is before September?—A. Yes, this order was made in January.

By Mr. Sommerville:

Q. Yes?—A. The cost and gross profit range of these suits was therefore as follows:—

3-piece suits:	Low cost	Average	High cost
Material..	\$2 96	\$4 22	\$ 6 69
Manufacturing cost..	5 13	5 13	5 13
Total cost..	<u>\$8 09</u>	<u>\$9 35</u>	<u>\$11 82</u>

This compared with the selling price of \$11 for all the suits, so that the manufacturer's gross profit or loss on these suits is as follows: On the low cost suit he made gross profit of \$2.91; on the average suit he made a gross profit of \$1.65, and on the high cost suit a loss of 82 cents.

Q. That is gross profit?—A. Gross all the way.

Q. What are administrative costs? You have it on the next page set out as 6.7 per cent for general overhead?—A. 6.7 per cent of the selling price.

Q. That is \$1.21 to be deducted from each of these to give the net profit?—A. \$1.21 from the 3-piece suit, yes.

Q. From this 3-piece suit, the average suit, he had a gross profit of \$1.65?—A. Yes.

Q. If you deduct \$1.21 for overhead, he had a net profit of 44 cents per suit for the 3-piece suit which he sold for \$11?—A. Yes.

Q. And the mark-up was \$5.50, or the selling price was \$16.50?—A. The mark-up was to \$16.50, yes.

Q. And on the most expensive material he had a gross loss of 82 cents?—A. Yes.

Q. Plus administration of \$1.21, or \$2.03 gross loss?—A. Yes.

The CHAIRMAN: These are all manufacturers you are talking about?

By Mr. Sommerville:

Q. These are manufacturers?—A. Manufacturers' gross profit or loss, yes.

Q. Then, take the 4-piece suit?—A. The material varied from a low of \$4.09 a suit, an average of \$5.85 a suit, to a high of \$9.27 a suit. The labour cost in all cases was \$5.76, for the labour cost, the total manufacturing cost including trimming and overhead, making the total cost of \$9.85 for the low cost suit, \$11.61 for the average and \$15.03 for the high cost suit. They were sold at \$14.50, in each case and resulted in a gross profit to the manufacturer on the low cost suit of \$4.65; on the average, \$2.89 a suit; and on the high cost suit a gross loss of 53 cents a suit.

Q. Then your administrative cost was \$1.59?—A. Yes.

Q. For overhead?—A. Yes.

Q. That taken from the average of \$2.89 would leave \$1.30 as the profit on a 4-piece suit?—A. Yes, on the average.

Q. At \$14.50?—A. Yes.

Q. When he was selling it at \$14.50?—A. Yes.

Q. But for a large number of them he only got \$12.80?—A. Yes.

Q. Which would be a loss, which would make—A. There would be a difference of \$1.70, yes.

Q. But that would be a loss?—A. Applying administrative expenses he would show a net loss of 40 cents at a price of \$12.80.

Q. On the 4-piece suit, at the average cost of material?—A. Yes.

Q. That is, on the average 4-piece suit he lost money on the first two orders at \$12.80?—A. Yes, at \$12.80 he failed to recover his administration expenses by 40 cents a suit.

Q. And he had upwards of 2,000 four-piece suits?

Mr. FACTOR: Not all of the average.

The WITNESS: I don't think he had as many as that. The September order was approximately 500 four-piece suits at that price.

By Mr. Sommerville:

Q. What is that?—A. I think there were approximately 500 four-piece suits at that price in September.

Q. Yes. At that rate he would lose money on those 500 four-piece suits?—A. Yes.

By Mr. Factor:

Q. Do you mean 500 at the average price or 500 total volume?—A. The volume of 4-piece suits at that price was approximately 500.

Q. At the average price?—A. Yes, at that price, selling at the price of \$12.80. They increased the price of the 4-piece suit to \$14.50, but on the first order that was taken the 4-piece suits were sold at a price which failed by 40 cents to return to the manufacturer his administration and selling expenses, based on his 1932 operating statement.

By Mr. Sommerville:

Q. Will you continue with your narrative?—A. The costs are those appearing in the books of manufacturer "C" and have been adjusted only on the basis of the factory expense, as shown by the records. Selling and administrative charges for the year 1933 were equivalent to 6.7 per cent of total sales. Applying this percentage the following net margins are shown:—

	3-piece suit	4-piece suit
Manufacturers' gross profit on average cost.. . . .	\$1 65	\$2 89
Less: 6.7 per cent of selling price for general overhead..	1 21	1 59
Net profit.. . . .	\$0 44	\$1 30

The 4-piece suits sold at \$14.50.

By Mr. Factor:

Q. Is that 6.7 per cent fixed by the manufacturer?—A. No, that is what his expenses happened to be in that year.

Q. Calculated?—A. Yes. A further investigation was made as to the costs of made-to-measure suits for a departmental store in March, 1933. This order covered 603 four-piece and 500 three-piece suits. The cost of cloth used for these suits was from 70 cents to \$2.02 per yard, the average being \$1.27. The comparative average costs of these suits were as follows:—

	3-piece suit	4-piece suit
Cloth.. . . .	\$ 4 13	\$ 5 71
Manufacturing cost.. . . .	5 13	5 76
Total.. . . .	\$ 9 26	\$11 47
Selling price.. . . .	11 00	14 50
Gross profit.. . . .	\$ 1 74	\$ 3 03
Less: 6.7 per cent of selling price for general overhead..	1 21	1 59
Net profit.. . . .	\$ 0 53	\$ 1 44

By Mr. Sommerville:

Q. That is to say, when the 4-piece suit was selling for \$14.50, he had \$1.44 profit; but when it was selling for \$12.50, he had a loss?—A. \$12.80.

Q. \$12.80?—A. Yes. The first illustration showed an order in January when the average cost of the cloth was \$5.85. The March order was made

with slightly cheaper cloth which averaged \$5.71; and the net profit was \$1.44 as against \$1.30 on the January sale.

Q. Yes?—A. The increases in manufacturing costs resulting from the strike in September, 1933, were 49½ cents and 57½ cents on the 3-piece and 4-piece suits respectively.

Mr. SOMMERVILLE: In this company there are a large number of items in the records. Here are just a few of them:—

	Laid down cost	Initial selling price.	Initial mark-up	
			Amount	Percentage
4-piece ready-made suits:	\$10 68	\$16 50	\$5 82	54.5
	13 54	20 00	6 46	47.7
	13 69	20 00	6 31	46.1
	13 70	20 00	6 30	46.0
	12 43	18 00	5 57	44.8
3-piece ready-made suits:	12 26	17 50	5 24	42.7
4-piece made-to-measure suits:	15 97	22.50	6.53	40.9
4-piece ready-made suits:	10 67	15 00	4 33	40.6
	11 84	16 50	4 66	39.3
	10 93	15 00	4 07	37.2
	12 48	16 50	4 02	32.2

By Mr. Sommerville:

Q. Does company "C" have a contractor in the country?—A. Not now, sir.

Q. Well in 1932 did they have a contractor in the country?—A. Yes, sir.

Q. And in 1933?—A. I think it was during 1933 that they left.

Q. Then company "D"?—A. Company "D." This business was carried on up to 1929 as a partnership.

Mr. YOUNG: Are they the same people as the other company?

Mr. SOMMERVILLE: No, another firm.

The WITNESS: This company was incorporated under letters patent of the Dominion of Canada in June, 1929, with an authorized capital of 4,900 shares of preferred stock (\$100) and 2,000 of no par value common shares.

The company is engaged in the manufacture of men's suits, overcoats, and topcoats. Its factory is located in a country town in the province of Quebec, where it employs approximately 230 workers.

The company's balance sheet at 30th November, 1933, shows a net worth of approximately \$243,000 and the working capital appears to be sufficient for current needs. Operations during the past four years have resulted in small profits or losses, but a substantial profit was earned in 1929. During the past five years the company's sales declined approximately 20 per cent in spite of the addition of a jobbing business in woollens.

By the Chairman:

Q. What were the sales in 1933?—A. The sales for 1933, sir, were \$784,000. An analysis of the sales for the year 1933 showed that 45 per cent of the total sales were to departmental stores. The company's largest single customer was a department store, sales to which were approximately 30 per cent of the total for the year.

Comparisons were made of the prices at which goods were sold to departmental stores and smaller retailers, which indicated generally that the latter pay from 5 to 10 per cent more than the departmental stores. A number of special sales to a department store covered garments at a common price drawn from a number of varying price ranges.

This company supplied a department store with about 3,000 made-to-measure suits during 1933 and a wide variation is apparent in the costs of individual suits sold at the same price.

By Mr. Sommerville:

Q. Made-to-measure suits?—A. Yes, made-to-measure suits.

Q. That is part of this same \$16.50?—A. Yes, and the same condition as to varying range of cloth occurs in this company.

The labour costs were ascertained of ready-made and made-to-measure suits made in 1933 and these are set out in comparative form in schedule Q-8.

These costs are considerably lower than obtained in the plants of the Montreal manufacturer which were visited.

This company has considerable investments in plant and machinery including buildings and partly as a result of this and low volume the overhead costs in the past several years have been high. For instance, the standard overhead on a ready-made suit in most Montreal factories is approximately 50 per cent, whereas the rates enforced in this company are almost double. This to some extent off-sets the advantages enjoyed by the company through the lower minimum wage schedules in effect in the town in which they operate and appears to account in a large measure for the company's failure to earn larger profits.

The company operates a non-union shop, paying most of its employees on a piece-work basis. In March, 1934, there were employed 166 female workers and 65 males. The proportion of inexperienced to total females was approximately 27 per cent.

Adequate records of the hours worked both in 1933 and 1934 were available and detailed records of the experience of individual female employees were also maintained. The payrolls for three consecutive weeks in March, 1934 and 1933, were analysed and the following information obtained as to average wages paid:—

Female employees:	1934	1933
Number employed.. . . .	166	82
Average hourly wage—all females.. . . .	19.5c.	16.8c.
Average hourly wage to employees with over two years experience.. . . .	19.7c.	18c.
Average hourly wage to employees with less than two years experience.. . . .	16c.	14c.
Male employees:		
Number employed.. . . .	65	32
Average hourly wage.. . . .	27c.	25.6c.

These wages are lower than paid generally in Montreal clothing factories, and the minimum wage schedules in force in this town are considerably lower than those for the city of Montreal. It was noted, however, that in both of the periods examined, the requirements of the Minimum Wage Act were not observed. In the 1933 period 53 per cent of the experienced and 9 per cent of the inexperienced females or 45.6 per cent of all females received less than minimum wages—

The CHAIRMAN: For the year 1933?—A. In the 1933 period.

By Mr. Heaps:

Q. May I ask at this point if, under the Minimum Wage Act of Quebec, the employer is not compelled to send in a list of wages paid to employees?—A. Yes, sir.

Q. Well, these lists evidently have gone to the officials of the Minimum Wage Law in Quebec?—A. Yes.

Q. Has this firm been prosecuted, do you know?—A. I do not know of any prosecution against this company, sir. In the 1934 period the percentage failing to receive the minimum wage was 24.8 per cent. Wages earned by individual operators varied widely and while some earned considerably in excess of the minimum, others fell below by a substantial margin, in some cases receiving less than two-thirds of the legal minimum wages.

By Mr. Sommerville:

Q. Before we pass from a consideration of this factory here are some mark-ups of sales by this company to one of the departmental stores on the records at present:—

	Laid down	Initial selling	Mark-up Amount	Mark-up Percentage
3-piece made-to-measure suit.	\$11 73	\$16 50	\$ 4 77	40.7
4-piece ready-made.	11 84	16 50	4 66	39.3
4-piece made-to-measure.	15 97	22 00	6 03	37.7
3-piece made-to-measure.	12 26	16 50	4 24	34.6
Top coats.	13 60	25 00	11 40	83.8
Top coats.	7 51	11 00	3 49	46.5

On the question of cost of manufacture of overcoats and top coats, going back to company "C," schedule Q-6:—

STATEMENT No. Q-6

MEN'S CLOTHING MANUFACTURER "C"

EXAMPLES OF UNIT COST OF MEN'S WEAR EXCLUSIVE OF COST OF CLOTH, BASED ON LABOUR RATES BEFORE AND AFTER STRIKE DURING SEPTEMBER, 1933

	Prior to 2nd September, 1933		After 2nd September, 1933		Percentage increase in cost of Labour
	3-piece	4-piece	3-piece	4-piece	
	\$	\$	\$	\$	
<i>Ready-made Suits—</i>					
Cutting.....	0.35	0.45	0.35	0.45	
Making Coat.....	1.51	1.51	1.82	1.82	
Making Pants.....	0.30	0.60	0.37	0.74	
Making Vest.....	0.37	0.37	0.40½	0.40½	
Trimmings (inc. thread 10c.).....	1.58	1.73	1.58	1.73	
	4.11	4.66	4.52½	5.14½	
Overhead.....	0.48	0.56	0.56	0.65	
Total.....	4.59	5.22	5.08½	5.79½	16%
<i>Made-to-measure Suits—</i>					
Cutting.....	0.75	0.85	0.75	0.85	
Making Coat.....	1.55	1.55	1.87	1.87	
Making Pants.....	0.31	0.61	0.37	0.74	
Making Vest.....	0.37	0.37	0.40½	0.40½	
Trimmings (inc. thread 10c.).....	1.58	1.73	1.58	1.73	
	4.56	5.11	4.97½	5.59½	
Overhead.....	0.57	0.65	0.65	0.74	
Total.....	5.13	5.76	5.62½	6.33½	14%
	Overcoats	Topcoats	Overcoats	Topcoats	
<i>Coats—</i>					
Cutting.....	0.35	0.35	0.35	0.35	
Making.....	1.84	1.71	2.22	2.02	
Trimmings (inc. thread 10c.).....	1.69	1.59	1.69	1.59	
	3.88	3.65	4.26	3.96	
Overhead.....	0.35	0.33	0.41	0.38	
Total.....	4.23	3.98	4.67	4.34	16%

MEN'S CLOTHING MANUFACTURER "C"
SUMMARY OF WAGES PAID DURING FOUR CONSECUTIVE WEEKS IN MARCH 1934 AND 1933

	All Employees		Employees with over two years' experience		Employees with less than two years' experience	
	1934	1933	1934	1933	1934	1933
Female Employess—						
Number of Employees.....	54	46	44	38	10	8
*Average hours worked per week....	46.9	46.9	46.9	46.9	46.9	46.9
Average weekly earnings.....	\$12.98	\$11.71	\$13.74	\$12.30	\$9.63	\$8.91
*Average hourly rate.....	\$0.27.7	\$ 0.25	\$0.29.3	\$0.26.2	\$0.19.9	\$0.18.9
Male Employees—						
Number of Employees.....	77	57	Information not available		Information not available	
*Average hours worked per week....	46.9	46.9	Information not available		Information not available	
Average weekly earnings.....	\$24.24	\$23.65	Information not available		Information not available	
*Average hourly rate.....	\$0.51.7	\$0.50.4	Information not available		Information not available	

* NOTE:—The wage and time records were very incomplete and number of hours worked by both male and female employees are estimated as described in the accompanying report.

The WITNESS: This shows the costs before and after the strike.

By Mr. Sommerville:

Q. Well, after the strike?—A. After the strike, on an overcoat the cutting was 35 cents; making \$2.22; trimmings (including 10 cents for thread) \$1.69, or a total cost of \$4.26 without overhead; overhead 41 cents, total \$4.67 before adding the cost of the cloth.

Q. The direct labour on an overcoat was \$2.22?—A. Yes.

Q. Cutting is 35 cents?—A. Yes.

Q. And \$2.50 is the labour involved in an overcoat?—A. Yes.

Q. On overcoats we had examples of them selling for \$25?—A. Yes, sir.

Q. And top coats?—A. The cutting is 35 cents; making \$2.02, or a total of \$2.37 direct labour.

The CHAIRMAN: For the labour in making a top coat.

By Mr. Kennedy (Peace River):

Q. What is the difference between an overcoat and a top coat?—A. A top coat is a spring or fall coat, a light coat usually unlined or just partly lined.

By Mr. Sommerville:

Q. On these overcoats from this same company "C" the laid down cost was \$12.65; selling cost \$12.50; mark-up \$11.45 or 83.8 per cent, that is, the mark-up represents three times the amount of the entire making including trimmings. Now then, there is one schedule Q-8?—A. Schedules Q-8 and Q-9 should be taken together, sir.

STATEMENT No. Q-8

COMPARISON OF MANUFACTURING COSTS OF MEN'S SUITS PRIOR TO SEPTEMBER, 1933

	Manu- facturer "D"	Manu- facturer "C"	Manu- facturer "A"	Manu- facturer "B"	Manu- facturer "E"	Manu- facturer "F"	Manu- facturer "G"
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Ready-made suit with 2 pairs of Trousers—							
Labour (Direct)—							
Coat—own shop.....	1.30	1.51	1.60	2.00	1.79	2.00	2.34
Vest—own shop.....	0.23				0.38		0.48
—contractor.....		0.31	0.34	0.30		0.30	
Trousers (2)—own shop.....	0.54				0.84		1.13
—contractor.....		0.60	0.86	1.00		0.90	
Cutting.....	0.55	0.45	0.47	0.70	0.56	0.41	0.60
Other Labour (Direct).....					0.09		0.16
Total Direct Labour.....	2.62	2.87	3.27	4.00	3.66	3.61	4.71
Trimmings.....	2.06	1.73	2.15	2.50	2.17	1.89	2.73
Overhead (including indirect labour)...	1.12	0.46	0.50	0.50	1.50	1.86	2.23
Total Cost exclusive of Cloth..	5.80	5.06	5.92	7.00	7.33	7.36	9.67

STATEMENT No. Q-9

COMPARISON OF MANUFACTURING COSTS OF MEN'S SUITS AFTER SEPTEMBER, 1933

	Manu- facturer "D"	Manu- facturer "C"	Manu- facturer "A"	Manu- facturer "B"	Manu- facturer "E"	Manu- facturer "F"	Manu- facturer "G"
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Ready-made suit with 2 pairs of Trousers—							
Labour (Direct)—							
Coat—own shop.....	1.30	1.82	1.86	2.25	1.96	2.25	2.34
Vest—own shop.....	0.23				0.42		0.48
—contractor.....		0.40	0.36	0.35		0.35	
Trousers (2)—own shop.....	0.54	0.74			0.94		1.13
—contractor.....			0.90	1.10		1.10	
Cutting.....	0.55	0.45	0.53	0.75	0.62	0.57	0.60
Other Labour (Direct).....					0.07		0.16
Total Labour (Direct).....	2.62	3.41	3.65	4.45	4.01	4.27	4.71
Trimmings.....	2.06	1.73	2.30	2.50	2.17	2.09	2.73
Overhead (including Indirect Labour)...	1.12	0.54	0.50	0.50	1.45	1.88	2.23
Total Cost, exclusive of Cloth..	5.80	5.68	6.45	7.45	7.63	8.24	9.67

COMPARISON OF MANUFACTURING COSTS OF MEN'S SUITS—MADE TO MEASURE SUITS FOR SPECIAL DEPARTMENTAL STORE SALES IN 1933

	Manu- facturer "D"	Manufacturer "C"		Manu- facturer "E"	Manu- facturer "G"
		Prior to Sept., 1933	After Sept., 1933		
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Made to Measure (one trouser) Suits—					
Labour-Direct—					
Making Coat—own Shop.....	1.30	1.55	1.87	1.79	2.06
Vest—own Shop.....	0.23			0.38	0.43
—Contractor.....		0.40	0.40		
Trousers—Own Shop.....	0.27	0.31		0.42	0.51
—Contractor.....			0.37		
Cutting.....	0.75	0.75	0.75	0.56	1.10
Other Labour-Direct.....					0.21
Total Labour-Direct.....	2.55	3.01	3.39	3.15	4.31
Trimmings.....	1.91	1.58	1.58	2.17	2.20
Overhead (including indirect labour).....	1.09	0.57	0.65	1.50	1.29
Total Cost exclusive of cloth.....	5.55	5.16	5.62	6.82	7.80

The WITNESS: These schedules show the costs before and after the strike. Statement Q-8 is before and statement Q-9 is after the Montreal strike.

By Mr. Sommerville:

Q. Well, this is the comparison?—A. Of ready-made suits with two pairs of trousers.

Q. Let us take it after the strike then; that illustrates existing conditions.—

A. Yes. This is statement Q-9.

Q. And this illustrates the cost of making a ready-made suit with two pairs of trousers in seven different factories?—A. Yes sir, without cloth.

Q. The manufacturing cost is the same irrespective of the cloth used?—A. Yes, I think in most of these factories it is the same.

Q. And four of these factories are in the province of Quebec?—A. Yes sir.

Q. And three are in Ontario?—A. Yes, sir.

By Mr. Factor:

Q. Which three are in Ontario?—A. The last three. "D," "C," "A," and "B" are in the province of Quebec, the first four. "E," "F," and "G" are in the province of Ontario.

By Mr. Sommerville:

Q. Yes, and that indicates what, Mr. Glasco?—A. The coat, which is in many cases made in the company's own shop, in the manufacturer's own shop, cost:—

In the case of company "D".....	\$1 30
" " " "C".....	1 82
" " " "B".....	2 25
" " " "A".....	1 86

This is the direct labour cost of the coat.

In the case of company "E".....	\$1 96
" " " "F".....	2 25
" " " "G".....	2 34

Q. That is, the cost in company "G" for making that coat is \$1.04 more than company "D"?—A. Yes, sir.

Q. \$2.34 as compared with \$1.30?—A. Yes, sir.

Q. Almost an 80 per cent increase?—A. Yes, sir.

By Mr. Heaps:

Q. Well, is it the same kind of coat?—A. Yes, I think they are comparable, sir.

Q. With the same kind of workmanship in both coats?—A. They are coats that sell at the same retail price.

Q. But there might be a good deal more workmanship in one coat than in another?—A. Those coats sell at about \$25.

By Mr. Young:

Q. Is it not easier to make a coat of one kind of cloth than another?—A. Not in the ordinary run of woollens, sir. Certain material is handled more easily.

By Mr. Sommerville:

Q. At any rate, that is the statement given to you and taken by you from the books of the various companies showing comparable suits?—A. As nearly comparable as we could find.

Q. Now vests?—A. The vest made in the shop of company "D" costs 23 cents.

Q. That is in the country in Quebec?—A. Yes, sir. In company "C" it cost 40 cents, the contractor making the vest. Company "A" paid 36 cents by contract; company "B" paid 35 cents by contract; company "E," in Ontario, made in own shop, cost 42 cents; company "F" paid 35 cents by contract; company "G," cost 48 cents made in own shop in Toronto.

Q. Then the trousers?—A. Manufacturer "D" in his own shop paid 54 cents; manufacturer "C" in his own shop paid 74 cents. The contractor of manufacturer "A" received 90 cents; the contractor of manufacturer "B" received \$1.10; manufacturer "E," own shop, cost 94 cents; the contractor of manufacturer "F" received \$1.10; company "D," own shop, \$1.13.

By the Chairman:

Q. That is for two pairs of trousers?—A. Two pairs all the way through.

By Mr. Sommerville:

Q. From 27 cents a pair to 56 cents a pair is the difference?—A. Yes.

Q. Then the next?—A. The cutting, 55 cents for manufacturer "D"; manufacturer "C" 45 cents; manufacturer "A" 53 cents; manufacturer "B" 75 cents; 62 cents for company "E"; company "F" 57 cents; company "G" 60 cents—ranging from 45 cents to 75 cents.

Other direct labour not allocated to the above operations or garments:—

Manufacturer "E"	7 cents
" " "G"	16 "

Total direct labour:—

Company "D"	\$2 62
" "C"	3 41
" "A"	3 65
" "B"	4 45
" "E"	4 01
" "F"	4 27
" "G"	4 71

Q. Company "G" in Toronto, the direct labour then was \$4.71 as compared with \$2.62 in the country in Quebec?—A. Yes, sir.

Q. And this firm made these in their own factory at \$4.71 and bought at \$2.62?—A. Bought from a manufacturer whose costs were \$2.62.

Q. In other words, that is a lower labour cost; what percentage would that be?—A. Almost 91 per cent.

Q. That is the labour cost in the factory from which they were bought in Quebec, 90 per cent less than they could be made in their own factory?—A. Not that much, not 90 per cent less; the costs in the Toronto factory were 90 per cent more than the costs of the country manufacturer.

Q. Yes, in Toronto the direct labour cost is 90 per cent more than the Quebec direct labour cost in the country factory?—A. Yes.

Mr. YOUNG: Was there any difference in the quality of the suits?

Mr. SOMMERVILLE: They were the same suits.

Mr. YOUNG: There might be a difference in the quality of the material.

Mr. SOMMERVILLE: People had to pay the same price for them.

The CHAIRMAN: As a matter of fact, they were the same class of goods, as near as our experts here could determine.

By Mr. Sommerville:

Q. Then the overhead and trimmings?—A. The trimmings cost \$2.06 for Company D, \$1.73 for C, \$2.30 for A, \$2.50 for B, \$2.17 for E, \$2.09 for F, and \$2.73 for G. The overhead including indirect labour was for Company D \$1.12, Company C 54 cents, Company A 50 cents, B 50 cents, E \$1.45, F \$1.88, and G \$2.23; making a total cost exclusive of cloth of \$5.80 for Company D, \$5.68 for C, \$6.45 for A, \$7.45 for B—these are the Quebec province manufacturers—\$7.63 for E, and \$8.24 for F, and \$9.67 for G, these being in Toronto.

Q. In other words, the total cost exclusive of cloth varied from \$5.68 in Company C to \$9.67 in Company G in Toronto?—A. Yes.

Q. These were four-piece suits?—A. Four-piece suits.

Q. Company C in Montreal made them for a total cost exclusive of cloth at \$5.68 as compared to \$9.67 in a factory in Toronto, or \$3.99 less?—A. Yes.

Q. And that was the firm that supplied most of the made-to-measure suits to the Toronto companies?—A. Manufacturer D. Yes.

By Mr. Young:

Q. Was \$5.80 the selling price?—A. No, their selling price was \$14.50.

Q. \$14.50 is what they sold it for to the distributor?—A. Yes, but these costs do not include the cloth. That is a difference of 70 per cent of the lowest price.

By Mr. Factor:

Q. As a matter of fact, Company D was the one who supplied most?—A. Company D was the largest supplier, yes; twice as much as the others.

By Mr. Young:

Q. Did the distributor pay all these factories the same price for that suit?—A. The distributor only bought from two, and I believe he paid the same price.

By Mr. Sommerville:

Q. There is just one further matter I would like to take up to-night, and that is overalls; we had some requests to look into the question of overalls?—A. I am afraid I have only one copy of that.

The CHAIRMAN: Give it to us briefly.

The WITNESS: This company was incorporated in 1908 by its present proprietor, and was incorporated in 1913. Its output is almost 100 per cent overalls, in the manufacture of which about 100 workers are employed.

Q. Where is it located?—A. The company's plant is located in the province of Quebec in the country district. During the past few years materials have been purchased from Canadian companies, 90 per cent from one larger supplier and

the balance from another. The company sells goods to large and small buyers throughout Canada, doing business in Ontario and the East by travellers and in the West they have representatives in the principal cities.

1929, 1932 and 1933 the company made small profits, and in 1931 a total loss of about \$13,000 which they suffered due to a fire which occurred. The company appears to have adequate working capital. An analysis was made of the sales for 1932 and 1933. The total sales to department stores in 1932 were 29.5 per cent, and in 1933, 20 per cent of the total. The largest customer by far is one of the Western distributors. From an examination of selling prices it was found that price concessions to large buyers were made in a number of cases, but in numerous instances small retailers purchased small lots at prices approximately those quoted the largest customers. Most of the garments made by the company are made to order. No clearance sales of distress stock were found.

Q. Made-to-order overalls?—A. Yes.

The CHAIRMAN: You mean, to fill large orders.

The WITNESS: Made to a definite specification, and not made until the order was in hand.

Mr. FACTOR: That is not the overalls of the former Prime Minister?

The CHAIRMAN: Not made-to-measure.

The WITNESS: No, sir.

Mr. SOMMERVILLE: Made from orders.

Mr. FACTOR: Did you see the overalls of the former Prime Minister? They were in the *Mail and Empire* last night.

Mr. EDWARDS: Why say "former"?

The WITNESS: Examination of this company's wages was rendered difficult by the entire absence of records of hours worked by male and female pieceworkers; moreover, there was no information on file to show the details of male pieceworkers employed. The results of our analysis are shown in statement R4.

STATEMENT No. R-4

AVERAGE EARNINGS AND HOURLY RATES FOR MALE AND FEMALE WORKERS FOR THE THREE WEEKS ENDED 25TH MARCH 1934

	Total		Experience		Experience	
			2 Years or More		Less than 2 Years	
	Hours	Amount	Hours	Amount	Hours	Amount
Female Workers—						
Total average weekly hours and wages.....	4,239.17	\$690.51	1,948.00	\$351.85	2,011.17	\$273.00
Total number of female workers.....		91		40		42
Average weekly hours and wages for each female worker.....	46.58	\$ 7.59	48.70	\$8.79	47.88	\$6.50
Average hourly rate.....		16.29c		18.06c		13.57c
Male Workers—						
Total average weekly hours and wages.....	510.83	\$140.89				
Total number of male workers.....		10				
Average weekly hours and wages for each male worker.....	51.08	\$14.09				
Average hourly rate.....		27.58c				

By the Chairman:

Q. Is statement R-4 printed?—A. It is printed but the names are on it. This statement indicates that in March, 1934, out of 62 full-time workers 28, or

48 per cent, received wages below the minimum wage set by the Quebec Minimum Wage Board. The average wage per hour paid experienced operators was 18·2, and that paid to inexperienced operators was 13·5 cents. The average for piece-workers was 16·2 per hour, and the average for all men was 27·5. The hours used in these comparisons are those furnished us on estimates by the company's officials.

By Mr. Sommerville:
Q. Estimated hours?—A. Yes.

By Mr. Young:
Q. And estimated wages?—A. The wages were taken from the records shown by the pay-rolls.
Statement R-5 gives examples of costs and price spreads to a western distributor.

SALES TO DEPARTMENTAL STORES				STATEMENT No. R-3	
Showing percentage to total sales					
Year	Departmental Stores		Total Sales	Sales to Departmental Stores % to Total Sales	
	Name	Amount			
		\$ cts.	\$ cts.		
1932	Army & Navy Stores, Regina.....	56,598 05			
	Army & Navy Stores, Edmonton.....	1,086 81			
	Can. Dept. Stores, Moncton.....	439 97			
	Can. Dept. Stores, Toronto.....	3,342 73			
	T. Eaton Co., Moncton.....	2,784 14			
	T. Eaton Co., Montreal.....	3 06			
	T. Eaton Co., Toronto.....	2,881 19			
	Simpson's, Toronto.....	1,436 67			
		68,572 62			
	Adjusted to eliminate Sales Tax.....	64,691 00	219,594 14		29.5
1933	Army & Navy Stores, Regina.....	38,579 27			
	Army & Navy Stores, Edmonton.....	2,596 38			
	Can. Dept. Stores, Moncton.....	411 98			
	Can. Dept. Stores, Toronto.....	3,094 30			
	T. Eaton Co., Moncton.....	5,238 24			
	T. Eaton Co., Montreal.....	28 15			
	T. Eaton Co. Toronto.....	6,370.08			
	Simpson's, Montreal.....	2 01			
	Simpson's, Regina.....	252.28			
	Simpson's, Toronto.....	1,615.10			
		58,187.79			
	Adjusted to eliminate Sales Tax.....	54,894.00	268,006.84		20.5

This statement deals with work-shirts, overalls, denim combinations, and moleskin pants sold to the largest customer of the company. The first is the work-shirt which the manufacturer sold at \$7.55; the material cost \$5.04, labour \$1.25.

By Mr. Sommerville:
Q. \$1.25 a dozen, you mean?—A. Yes, these figures are all per dozen.
Q. For making work-shirts the labourer got \$1.25 a dozen?—A. Yes. Overhead 77 cents, special commission to western representatives, 15 cents, freight to Winnipeg 31 cents, total cost \$7.52; leaving a profit for the manufacturer of 13 cents.
Q. Per dozen?—A. Per dozen; the selling price was \$7.65 per dozen, sales tax and freight from Winnipeg to destination was 63 cents, making a laid-down cost for the departmental store \$8.28. The initial mark-up on these goods at the store was \$3.42 to an initial selling price of \$11.70.
Q. In other words, the mark-up was more than the labour, commission and freight?—A. Yes. Blue overall: Material \$5.87 per dozen, labour \$2.28, overhead \$1.29, commission .21, freight to Winnipeg .56, \$10.21 total cost, profit 9

cents per dozen; manufacturers' selling price \$10.30; sales tax and freight .86, laid-down cost \$11.16, initial mark-up \$5.04 and initial selling price \$16.20.

Q. Yes?—A. Then there is an order, men's moleskin pants: \$9.57 per dozen for material, labour \$2.99 a dozen, overhead \$1.90, commission 31 cents, freight from Winnipeg 75 cents, total cost \$15.32, sold by the manufacturer at \$15.50, a loss of 2 cents per dozen; sales tax and freight \$1.18, laid down cost to the distributor \$16.68, initial mark-up \$3.60, initial selling price \$20.28.

Q. The mark-up there exceeded the entire labour involved?—A. Yes.

By Mr. Heaps:

Q. Was there any reason why these were sold at a loss?—A. I do not know that, sir.

By Mr. Sommerville:

Q. Now, there was a comparative statement which was printed that I want to look at, it relates to all these companies we have been dealing with in Quebec?—A. That is Statement Q-12.

Q. Will you just explain what this statement is, Mr. Glasco?—A. This is a statement showing the costs as far as they can be ascertained of specific goods sold to departmental stores. The schedule shows the manufacturers under the symbols, and a description of the particular merchandise is shown. The person to whom it was sold, the distributor; the manufacturer's costs divided as to material, direct labour, overhead and total; the manufacturer's gross profit or loss; the manufacturer's selling price; sales tax, freight, etc.; the department stores' laid-down cost, initial mark-up and initial selling price.

Q. Now, there is one item that is missing?—A. Yes.

Q. When you give the manufacturer's gross profit, will you tell me in each case what the manufacturer's overhead is, the amount to be charged against that gross profit?—A. I can in most cases, sir; there are several where I cannot.

Q. If you will give it now in most cases—the cases in which you can do so—I shall be obliged?—A. Manufacturer "A" 4-piece suits, 29 in number—material \$6.66, direct labour \$3.27, overhead 50 cents, a total of \$10.42; gross profit or loss of \$1.33 after selling price of \$11.75. The overhead selling and administration applied on a percentage basis to the amount on these suits, \$1.20.

Q. The net profit on the sale of a suit at \$10.42 was \$1.33?—A. Yes, sir.

The CHAIRMAN: Would it not be better if this statement could be amended and the figures you are asking for now put in?

Mr. YOUNG: If you are going to have the net profit of one you should have it of the other.

Mr. SOMMERVILLE: It is not shown.

Mr. YOUNG: Why not put in the net profit of the dealer also?

Mr. SOMMERVILLE: You cannot show it on that suit.

The WITNESS: The trouble is we do not know what the suit ultimately sold for. I know the initial selling price and the average for the whole department.

Mr. FACTOR: We have got something on the men's clothing department in a departmental store showing a loss.

The CHAIRMAN: That is over the whole range.

Mr. SOMMERVILLE: And after charging 6 per cent interest and other factors that are interdepartmental.

Mr. FACTOR: The usual charge.

By Mr. Sommerville:

Q. Will you amend that statement and have it put in in the form suggested?—A. Yes. I can have those figures put in for nearly all those examples.

Q. That will complete this statement then with reference to those articles which were supplied by the various manufacturers to the various departmental stores?—A. Yes, sir.

Q. And which you were requested to look into.

SUMMARY OF PRICE SPREADS ON MEN'S CLOTHING

Sold to Departmental Stores

(MANUFACTURING COSTS AS SUPPLIED BY MANUFACTURERS BUT WITHOUT VERIFICATION)

SPECIAL COMMITTEE

Description	Sold to	Manufacturers' Costs				Manu- facturer's Gross Profit or Loss	Pro- portion of Manu- facturer's Selling and Adminis- trative Expenses	Manu- facturer's Net Profit or Loss	Manu- facturer's Selling Price	Sales Tax, Freight, etc.	Dept. Store's Laid- Down Cost	Dept. Store's Initial Mark- up	Dept. Store's Initial Selling Price
		Material	Dir- ect Lab- our	Over- head	Total								
Manufacturer "A"— 29 Suits—2 trousers..... 28 Suits—2 trousers..... 21 Suits—2 trousers.....	Eaton, Toronto..... Eaton, Toronto..... Eaton, Toronto.....	6-65	3-27	0-50	10-42	1-33	1-20	0-13	11-75	0-77	12-52	7-48	20-00
		11-15	3-27	0-50	14-92	1-33	1-20	0-13	16-25	1-06	17-31	7-69	25-00
		11-15	3-27	0-50	14-92	1-33	1-20	0-13	16-25	1-06	17-31	12-19	29-50
		10-60	4-00	0-50	15-10	2-90	2-11	0-79	18-00	1-15	19-15	10-35	29-50
Manufacturer "B"— 14-4 Piece Suits..... 21-4 Piece Suits..... 14-4 Piece Suits.....	Eaton, Toronto..... Eaton, Toronto..... Eaton, Toronto.....	8-80	4-00	0-50	13-30	2-70	2-11	0-59	16-00	1-03	17-03	7-97	25-00
		8-89	4-00	0-50	13-39	2-61	2-11	0-50	16-00	1-03	17-03	7-97	25-00
		6-30	3-32	0-40	10-02	0-08	.....	.....	10-10	0-66	10-76	242 @ 6-19 60 @ 4-24	16-95 15-00
Manufacturer "H"— 302 Men's 4 Piece Suits.....	Simpson, Toronto	2-91	3-05	0-24	6-20	0-30	.....	.....	6-50	0-45	6-95	3-05	10-00
		3-60	3-05	0-27	6-92	0-33	.....	.....	7-25	0-50	7-75	5-20	12-95
		7-30	1-85	0-92	10-07	1-43	.....	.....	11-50	0-75	12-25	7-75	20-00
Manufacturer "J"— 32 Overcoats..... 48 Overcoats.....	Simpson, Toronto Eaton, Toronto.....	8-75	2-00	1-07	11-82	1-68	.....	.....	13-50	0-86	14-36	10-64	25-00
		29 coats 6-78 66 coats 7-68	3-40 3-40	0-35 0-35	10-53 11-43	1-97 1-07	.....	.....	12-50 12-50	0-87 0-87	13-37 13-37	11-63 11-63	25-00 25-00
Manufacturer "K"— 95 Overcoats.....	Eaton, Toronto.....	0-59	0-26	0-05	0-90	0-10	0-15	0-05	1-00	0-09	1-09	0-60	1-69
		0-48	0-26	0-05	0-79	0-21	0-15	0-06	1-00	0-09	1-09	0-60	1-69
Manufacturer "L"— 200 Boys' Suits..... 100 Boys' Suits.....	Hudson's Bay Co. Winnipeg.	14-61	1-50	0-45	16-56	3-19	0-40	2-79	19-75	1-44	21-19	7-31	28-50
		12-28	1-50	0-45	14-23	3-77	0-40	3-37	18-00	1-32	19-32	10-18	29-50
		5-08	1-28	0-38	6-74	1-24	0-35	1-59	5-50	0-41	5-91	4-09	10-00
		6-06	1-52	0-44	8-02	0-98	0-40	0-58	9-00	0-62	9-62	2-98	12-60
Manufacturer "M"— 34 Overcoats..... 51 Overcoats..... 33 Overcoats..... 150 Overcoats.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	

Manufacturer "N"—									
52 Overcoats.....	10.45	3.60	0.25	14.30	1.40	0.57	Av. 14.25	Av. 15.35	Av. 24.50
7 Overcoats.....	7.12	2.85	0.25	9.62	0.85	0.49	8.30	8.80	5.18
44 Overcoats.....	7.87	2.85	0.25	10.22	0.85	0.70	6.00	6.36	3.59
21 Overcoats.....	8.47	2.85	0.25	11.57	0.85	0.28	6.65	7.08	3.42
7 Overcoats.....	9.22	2.85	0.25	12.32	0.98	0.51	8.10	8.62	4.33
21 Overcoats.....	9.97	2.85	0.25	13.07	0.54	0.05	5.65	6.02	3.43
19 Overcoats.....	12.22	2.85	0.25	15.32	0.52	0.31	4.10	4.38	2.60
27 Overcoats.....	7.27	2.85	0.25	10.37	0.54	0.28	4.65	4.96	2.99
24 Overcoats.....	7.72	2.85	0.25	10.82	0.85	0.28	7.75	8.21	4.54
10 Overcoats.....									12.75
Manufacturer "P"—									
7 Men's 4 Piece Suits.....	5.47	1.65	0.35	7.47	0.28	0.57	7.75	8.21	4.54
12 ".....	5.92	1.63	0.37	7.94	0.36	0.49	8.30	8.80	5.18
12 ".....	3.93	1.63	0.27	5.85	0.15	0.70	6.00	6.36	3.59
21 Boys' 4 Piece Suits.....	4.59	1.35	0.29	6.23	0.42	0.28	6.65	7.08	3.42
17 ".....	5.37	1.90	0.36	7.63	0.47	0.51	8.10	8.62	4.33
12 ".....	3.87	1.05	0.24	5.16	0.49	0.05	5.65	6.02	3.43
9 ".....	2.71	1.00	0.18	3.89	0.21	0.31	4.10	4.38	2.60
5 ".....	3.14	1.05	0.20	4.39	0.26	0.28	4.65	4.96	2.99
Manufacturer "Q"—									
44 Overcoats.....	11.14	3.20	0.58	14.92	2.08		17.00	18.10	6.90
32 ".....	9.15	2.65	0.48	12.28	1.57		13.85	14.76	10.24
20 ".....	8.42	2.65	0.48	11.53	1.95		13.50	14.39	10.61
65 ".....	7.74	2.65	0.48	10.87	1.63		12.50	13.33	11.67
Manufacturer "C"—									
995 4 Piece Suits.....	6.68	2.94	0.46	10.08	0.08	1.26	10.00	10.68	5.82
266 ".....	6.68	3.40	0.54	10.62	2.08	0.72	12.70	13.54	6.46
1,151 ".....	7.87	2.94	0.46	11.27	1.58	0.40	12.85	13.69	6.31
770 ".....	7.55	3.40	0.54	11.49	1.36		12.85	13.70	6.30
501 ".....	6.66	2.94	0.46	10.06	0.06	1.26	10.00	10.67	4.33
555 ".....	6.75	2.94	0.46	10.15	0.10	1.08	10.25	10.93	4.07
503 ".....	7.38	2.94	0.46	10.78	0.92	0.26	11.70	12.48	4.02
450 Topcoats.....	5.99	2.26	0.36	8.61	1.04	0.14	9.65	10.31	4.69
Manufacturer "D"—									
275 Topcoats.....	3.85	1.45	0.62	5.92	1.08	0.10	7.00	7.51	3.49
45 ".....	3.43	1.45	0.62	5.50	1.50	0.52	7.00	7.51	3.49
30 ".....	3.93	1.45	0.62	6.00	1.00	0.02	7.00	7.51	3.49
60 ".....	8.21	1.45	0.62	10.28	2.47	1.49	12.75	13.60	11.40
36 ".....	5.83	1.45	0.62	7.90	1.10	0.12	9.00	9.70	5.30
10 ".....	5.17	1.45	0.62	7.24	1.76	0.78	9.00	9.70	5.30
Hudson's Bay Co. {									
Winnipeg. }									

NOTE.—Figures in black type indicate a loss.

By Mr. Factor:

Q. Have you any evidence of the mark-up of these suits sold by other retailers outside of the departmental stores?—A. No, sir.

Mr. YOUNG: I understand we are going to get that, are we not?

The CHAIRMAN: I think we can get that probably to-morrow. Now, gentlemen, we will sit again to-morrow at 10.30.

The committee adjourned until Friday, June 22, at 10.30 a.m.

HOUSE OF COMMONS,

June 22, 1934.

The special committee appointed to inquire into price spreads and mass buying met at 10.30 a.m., Hon. H. H. Stevens, presiding.

Mr. Norman Sommerville, K.C., of Toronto, and Mr. W. W. Parry, K.C., of Toronto, appeared as counsel for the committee.

The CHAIRMAN: Gentlemen, the minutes of yesterday's meetings indicate certain witnesses heard and documents filed. We will order the minutes approved.

J. G. GLASSCO, examination (resumed).

By Mr. Sommerville:

Q. Mr. Glassco, some questions arose yesterday as to the exact form of the present minimum wage amendment this year in Quebec, and you now supply me with a copy of this Act, 1934, with the amendment as it passed in legislature this year?—A. Yes, sir.

Q. Reading 6 (a):

If, in the opinion of the Commission, work which is ordinarily and by custom executed by women be concerned, no male worker shall be employed at such work at a salary less than that fixed by an order of the commission for such work executed by women.

Mr. HEAPS: What does that mean?

Mr. SOMMERVILLE: Just what it says; it is the English language.

By Mr. Sommerville:

Q. Then, Mr. Glassco, at the request of the committee, you have supplied to the members a summary of price spreads of ladies' garments manufactured by Toronto manufacturers and sold to Toronto stores?—A. Yes, sir.

Q. These were garments sold in several department stores in Toronto?—A. Yes, sir.

Q. To the two larger ones at any rate, and these were samples that were taken from the invoices found on the files?—A. Yes, sir. These are estimates given us by manufacturers.

Q. First of all you had certain invoices and certain sales?—A. Yes, sir.

Q. And then you followed these back to manufacturers?—A. Yes, sir.

Q. And then the manufacturers gave you a statement of their manufacture and the costs?—A. Yes, sir.

Q. Of material, labour, overhead and total?—A. Yes, sir.

Q. And then you show the manufacturer's gross profit or loss on the transaction?—A. Yes, sir.

Q. And his selling price?—A. Yes, sir.

Q. And the sales and freight on it?—A. Yes, sir.

Q. And the store laid down cost?—A. Yes.

SUMMARY OF PRICE SPREADS ON LADIES' GARMENTS SOLD TO TORONTO DEPARTMENTAL STORES

MANUFACTURING COSTS AS SUPPLIED BY MANUFACTURERS BUT WITHOUT VERIFICATION

Manu- facturer	Quantity and Description	Manufacturer's Costs			Manu- facturer's Gross Profit or Loss	Manu- facturer's Unit Selling Price	Sales Tax and Freight	Dept. Store's laid-down Cost	Dept. Store's Mark-up	Initial Selling Price to Public	Remarks
		Material	Labour	Overhead							
A	60 Polo Coats.....	\$ 4.81	\$ 2.15	\$ 0.84	\$ 7.80	\$ 0.30	\$ 0.37½	\$ 7.87½	\$ 4.07½	\$ 11.95	Sold by Manu- facturer at \$9 earlier in sea- son.
B	5-11/12 doz. Bathing Suits.....	7.31	2.77	2.76	12.84	1.16	0.84	14.84	8.56	23.40	(per dozen)
C	19-7/12 doz. Bathing Suits.....	5.45	2.55	2.20	10.20	1.05	0.67½	11.92½	7.15½	19.08	(per dozen)
D	10 Women's Coats.....	17.50	3.50	1.05	22.05	2.95	Included	25.00	14.50	39.50	
	500 doz. Women's Vests.....	.....	.....	.....	3.10	0.30					
	500 doz. Women's Bloomers.....	.....	.....	.....	2.63	0.77	0.20	3.60	2.28	5.88	
E	1,000 doz. Women's Panties.....	.....	.....	.....	2.90	0.50					
	149 Women's Coats.....	7.00	2.45	not known	9.45	3.45	0.30	6.30	8.70	15.00	50 marked at \$15 and 99 at \$10.
F	12 Corduroy Swagger Coats.....	1.58	1.95	not known	3.53	1.97	0.27½	5.77½	3.70	10.00	
G	16 White Polo Cloth Suits.....	2.70	1.95	not known	4.65	2.10	0.33½	7.08½	5.41½	12.50	
	124 Women's Dresses.....	3.90	2.15	not known	6.05	0.95					
		4.06	2.00	not known	6.06	0.96					
		3.65	2.00	not known	5.65	0.55					
		5.24	2.70	not known	7.94	2.84	Included	5.10	3.90	9.00	118 Dresses
		3.52	1.90	not known	5.42	0.32			5.85	10.95	1 Dress
		5.29	2.85	not known	8.14	3.04			7.85	12.95	3 Dresses
		4.55	2.80	not known	7.35	2.25			10.85	15.95	2 Dresses
		3.84	2.10	not known	5.94	0.84					
H	26 Suede Jackets.....	4.03	0.80	0.48	5.31	0.44	0.39½	6.14½	1.80½	7.95	
	11 Suede Jackets.....	3.49	0.65	0.41	4.55	0.20	0.28½	5.03½	2.91½	7.95	
J	12 Capeskin Jackets.....	3.37	0.75	0.41	4.53	0.97	0.33	5.83	2.12	7.95	
	10 doz. Caps and Scarfs.....	3.00	1.12½	1.53½	5.66	0.34	0.36	6.36	4.32	10.68	
K	21½ doz. Girls' Pullovers.....	5.48	1.25	2.47	9.20	0.20	0.54	9.54	5.94	15.48	
	23 Hooverettes.....	3.93	1.70	not known	5.63	0.73	Included	6.36	3.12	9.48	
	7-2/3 doz. Foulard Dresses.....	6.50	1.85	not known	8.35	3.29	Included	11.64	6.36	18.00	
L	2 Women's Coats.....	14.75	2.70	2.25	19.70	2.05	1.09	22.84	10.16	33.00	
	6 Women's Coats.....	18.30	2.70	2.50	23.50	2.25	1.29	27.04	9.96	37.00	
	10 Women's Coats.....	21.50	2.70	3.00	27.20	2.55	1.49	31.24	15.76	47.00	
	3 Women's Coats.....	6.75	2.70	1.25	10.70	1.05	0.59	12.34	4.66	17.00	
	2 Women's Coats.....	8.00	2.70	1.35	12.05	1.20	0.66	13.91	5.09	19.00	
	2 Women's Coats.....	10.00	2.70	1.50	14.20	1.30	0.77	16.27	6.73	23.00	

Q. The department store's mark-up?—A. Yes.

Q. And the initial selling price to the public?—A. Yes, sir.

Q. And that is statement No. T-1?—A. Statement No. T-1.

Q. And that covers eleven different manufacturers?—A. Yes.

Q. Then you have supplied us with a similar statement, No. T-3, representing garments manufactured by manufacturers in Winnipeg and sold to department stores in Winnipeg and the west?—A. Yes, sir.

Q. And these are from eight different manufacturers?—A. Yes, sir.

Q. And the cases were taken in the same way from invoices and catalogues and followed back to the manufacturer?—A. Yes, sir.

Q. And that shows the profit or loss of the manufacturer in each case?—A. The gross profit or loss.

By Mr. Sommerville:

Q. Then the third statement that you have supplied us with in statement R-6?—A. Yes, sir.

Q. And that refers to some price spreads on some boys' overalls and clothing?—A. Yes, sir.

Q. Sold to department stores by manufacturers in Winnipeg?—A. Yes, sir.

Q. Referring to three different manufacturers?—A. Yes, sir.

Q. And seven items of manufacture?—A. Yes, sir.

EXAMPLES OF PRICE SPREADS ON LADIES' COATS AND DRESSES

SOLD TO DEPARTMENTAL STORES BY MANUFACTURERS IN WINNIPEG, MAN.

Manu- facturer	Description	Sold to	Manufacturer's Costs				Manufac- turer's Gross Profit or Loss	Manufac- turer's Selling Price	Sales Tax, Freight, etc.	Dept. Store's Paid Down Cost	Dept. Store's Initial Mark-up	Initial Selling Price to Public
			Material	Labour	Over- head	Total Cost						
			\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
A	100 Tweed Coats.....	Hudson's Bay Company, Winnipeg.....	2.12	1.75	0.38	4.25	.....	4.25	0.25	4.50	2.45	6.95
	50 Sable Plate Trim Coats.....	Eaton's, Winnipeg.....	11.00	2.00	1.00	14.00	1.00	15.00	0.90	15.90	9.10	25.00
B	92 Cloth Coats.....	Eaton's Winnipeg.....	7.40	2.00	1.13	10.53	1.47	12.00	0.72	12.72	7.13	19.85
	6 Cloth Coats.....	Hudson's Bay Company, Winnipeg.....	10.70	2.25	1.56	14.51	3.24	17.75	1.06	18.81	10.69	29.50
	5 Women's Suits...	Hudson's Bay Company, Winnipeg.....	6.15	2.75	1.07	9.97	3.10	13.07	0.78	13.85	11.15	25.00
C	43 Coats.....	Hudson's Bay Company, Winnipeg.....	3.28	1.00	0.42	4.70	0.05	4.75	0.28	5.03	2.92	7.95
	80 Crepe Cloth Coats	Eaton's, Winnipeg.....	2.07	1.10	0.28	3.45	0.55	4.00	0.24	4.24	2.51	6.75
D	Tweed Coats.....	Army and Navy Stores.....	2.70	1.10	0.28	4.08	0.42	4.50	0.28	4.78	3.11	7.89
	Swagger Suits.....	.....	3.90	1.75	0.42	6.07	0.68	6.75	0.47	7.22	5.67	12.89
E	100 Coats.....	Eaton's, Winnipeg.....	4.23	1.00	0.42	5.65	0.60	6.25	0.37	6.62	1.33	7.95
F	30 Coats*.....	Hudson's Bay Company, Winnipeg.....	6.13	2.00	1.46	9.59	2.59	7.00	0.42	7.42	7.53	14.95
	Boys' Sweater Coats	Army and Navy Stores.....	5.92	2.48	2.10	10.50	1.25	11.75	0.85	12.60	4.08	16.68
G	Men's Sweater Coats	Army and Navy Stores.....	16.63	3.85	5.12	25.60	1.40	27.00	2.16	29.16	18.24	47.40
	Assorted Sweater Coats.....	Hudson's Bay Company, Winnipeg.....	13.85	3.16	4.25	21.26	0.74	22.00	1.32	23.32	12.08	35.40
H	Men's Sweater Coats	Army and Navy Stores.....	12.05	2.95	3.75	18.75	0.50	19.25	1.39	20.64	8.76	29.40
	51 Doz. Dresses.....	Hudson's Bay Company, Winnipeg.....	4.38	1.55	0.90	6.83	0.67	7.50	0.42	7.92	4.08	12.00

*Note: List price \$10.50.

STATEMENT No. R-6

EXAMPLES OF PRICE SPREADS ON OVERALLS AND BOYS' CLOTHING SOLD TO DEPARTMENTAL STORES BY MANUFACTURERS IN WINNIPEG, MAN.

Manu- facturer	Description	Sold to	Manufacturer's Costs				Manu- facturer's Gross Profit or Loss	Manu- facturer's Selling Price	Sales tax, Freight, etc.	Depart- ment Store's Laid- down cost	Depart- ment Store's Initial Mark- up	Initial Selling Price to Public
			Mater- ial	Labour	Over- head	Total Cost						
			\$ cts.	\$ cts.	\$ cts.	\$ cts.	Sales Tax Profit	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
A	96 Boys' Coats.....	Eaton's, Winnipeg.....	2 20	0 80	0 30	3 30	\$0.21	3 71	Included	3 71	1 24	4 95
B	288 Black Toredors	Hudson's Bay Co. Winnipeg.	5 48	1 22	0 67	7 37	0 18	7 55	0 46	8 01	3 99	12 00
	96 Toredors.....	Hudson's Bay Co. Winnipeg.	4 15	1 21	0 54	5 90	0 22	6 12	0 37	6 49	0 59	7 08
	120 Men's Overall.....	Hudson's Bay Co. Winnipeg.	6 99	1 37	0 84	9 20	0 40	8 80	0 53	9 33	2 67	12 00
	324 Toredors.....	Hudson's Bay Co. Winnipeg.	3 19	2 30	0 55	6 04	0 54	5 50	0 33	5 83	0 17	6 00
	18 Men's Overall.....	Hudson's Bay Co. Winnipeg.	11 90	2 65	1 45	16 00	0 20	16 20	0 96	17 16	5 64	22 80
C	Men's Overall.....	Army & Navy, Regina.....	7 85	1 70	2 09	11 64	1 49	10 15	0 89	11 04	5 64	16 68

Mr. YOUNG: Mr. Chairman, right here I want to make a protest. It seems to me that this committee ought to have some regard for its own reputation. Here we have manufacturers designated A, B, C, D, and so on, and then we have stores with their names—Hudson's Bay, Eatons, Army & Navy, and so on, all of which names have gone into the newspapers, but when we come to these manufacturers, who, in my opinion at any rate, have been greater offenders than the department stores, their names are not revealed. I must protest.

The CHAIRMAN: Mr. Young, I do not like the way you make your statement. As far as I am concerned I have not the slightest objection to their names going in. I do not like you to put it in the form of protesting as if someone had prevented action along this line. I explained to the committee yesterday and the day before the reason we had used symbols instead of names. I am perfectly satisfied, as far as I am concerned, that the names should go in. But I am bound to point out to you though—as I have already done on two or three occasions—that the investigation has not been as wide as we would like it to have been; we cannot take in all the manufacturers, and there are many other manufacturers besides these named whom we have reason to believe are just as bad from the standpoint of low wages as are those disclosed. It is a question that the committee has to decide—and I put it to the committee—shall we disclose the names of a limited number of manufacturers when we are unable to give the facts as regards other manufacturers in precisely the same line. We have had the condition disclosed in the boot and shoe industry and in the clothing industry as to wages and conditions of labour, a disgrace to this country; I think everybody who has heard the evidence will agree with that. But I have a desire to be fair; it is a difficult problem, and I am going to suggest to Mr. Young that he is not taking the right course in protesting, as I say, as if someone were shielding. If the committee now wish to decide that these names should be disclosed I shall offer no objection.

Mr. KENNEDY (*Winnipeg*): Mr. Chairman, this raises a point that I brought up earlier in the session, if you will recall, about the disclosing of names. I realize the difficulty of the problem suggested by you, Mr. Chairman, inasmuch as it is not a complete investigation of all the offenders and it might be stated that there was an element of unfairness in revealing the names of those we have investigated. Now, my view is along the line suggested by Mr. Young, and a view which I put forward earlier, and it is this: The press has had full particulars of leading business firms of this country; we might as well name them—Eatons, Hudson's Bay, Simpsons, Friemans, and so on, and whatever implication against them comes from the evidence we have had submitted it has been public property. We have followed these things through the various department stores to the manufacturer, and we have been dealing with this matter for the last three days and we find a condition of wages there that is absolutely reprehensible and indefensible, a scandal in this country. Why should their names not be published? As to the point that there are only some, yet if a snake crosses your path you scotch it even if there may be other snakes that are not scotched. Let in the sunlight; I think the fullest publicity should be given to the names, and I would be prepared to move as a member of this committee—

The CHAIRMAN: Just a minute before you move, I would like you to finish your observations.

Mr. KENNEDY (*Winnipeg*): My view briefly is this, that all those names should be disclosed as they come along.

Mr. YOUNG: I am not very much impressed with the argument that we should not reveal the names because we have not got them all in. There is a factory operating in Saint John whose name was revealed, and having done that I do not know why we should stop there and not reveal them all.

The CHAIRMAN: Well, will the committee leave this until we have an executive meeting on Monday when a composite statement can be prepared covering the evidence of the last two days accompanying the names of the firms involved, and a proper and fair presentation made of the facts? Will the committee leave the matter until Monday and then we can decide it? I want to again say very definitely, as far as I am personally concerned I am not objecting to the publications of the names. I do think, however, the committee must consider the matter in the light of the facts that are before us, and I think we should give it probably a little more consideration. Will the committee agree to that?

Agreed.

The CHAIRMAN: Before you resume, Mr. Sommerville. Mr. Nash, could you have prepared for Monday a summarization of the evidence of the last few days, giving the salient facts with the names of the companies, and so forth so that whatever statement is made will be an accurate statement and not merely now attaching names. For instance, there were one or two companies whose conditions were very much better than others, and any announcement or publicity should be with the facts fairly stated.

Mr. NASH: May I suggest, sir, that Mr. Glasco read from notes in which the names of the companies were included although he referred to them as company A, B, C, and so on, at the committee's request. If he were to file the notes that would cover the point entirely; the names would accompany them.

The CHAIRMAN: Yes, but we do not want to read over all this evidence again; it is the publication that is involved.

Mr. NASH: We can prepare a statement.

The CHAIRMAN: A brief summary of it. Try to do that so that we can have it on Monday.

By Mr. Sommerville:

Q. Mr. Glasco, you were assisted in your investigation by Mr. Hurson into some of the garment industries to which you referred yesterday?—A. Mr. Hurson assisted us in certain cases and also made a number of independent investigations for the committee.

Mr. T. B. HURSON, recalled.

The CHAIRMAN: Mr. Hurson is already sworn.

By Mr. Sommerville:

Q. You made a number of investigations into contract shops in Montreal?—A. I did sir.

Q. How many shops did you visit to investigate?—A. Forty-seven.

Q. In how many of those did you take as complete details as you could get?—A. I found in those contract shops very little records. It was necessary to interview every employee to find out the hours and the wages they were getting. Amongst those 47 shops, I think I only found records of hours in five or six, and in one of those I proved the hours shown there were absolutely false.

Mr. EDWARDS: Are you going to get the names of those contract shops? If we are going into a wide open proposition I think we should have them, and make them available.

Mr. YOUNG: We should have them while we are discussing them, so we would know who we were talking about.

Mr. EDWARDS: I prefer not to do that; I would prefer to have them available.

The CHAIRMAN: We have them. Mr. Hurson has made a personal investigation of the shops. I would ask the committee to bear this in mind: we have been labouring under some rather serious difficulties. There are conditions we are desirous of learning about and yet to get the matter in the form of absolute and complete evidence would be most difficult. On the other hand, we have in Mr. Hurson a very competent and reputable official, who has gone carefully into this matter, and what we are here for to-day is to receive his findings to give us a picture of, shall I say, conditions ancillary to the facts regarding wages, and so forth, so that we might get a clear appreciation of the extent of the social effect of the low wages that have been disclosed by the auditors. Whether we should at the moment disclose the names of all these places is an open question.

Mr. EDWARDS: I have no desire whatever to open it. I am quite in accord with your original statement; but the point is this, are the names available? All I wish to know is, are the names available if we want them?

Mr. SOMMERVILLE: Yes.

Mr. HEAPS: There is one other point. Mr. Hurson has been investigating a certain proportion of the clothing industry in the city of Montreal, and I think we ought to have a proper picture of the whole industry, instead of getting one small portion. I have been sitting here for days with the officials of the clothing industry, and I think they would have been as competent as any to give us a good picture of the whole situation down there. I do not know how many people are employed in the clothing industry, in that part of the country.

The CHAIRMAN: We have evidence of that.

Mr. YOUNG: Here is the position, Mr. Chairman. On page 2397 of the evidence, we have the wage record of one factory, that is, one factory in Canada. We have just the evidence of that one single factory, which is the only one that has been published.

The CHAIRMAN: Do not get excited about it.

Mr. KENNEDY (*Winnipeg*): It is a little stage play, that is all.

Mr. HEAPS: That does not go in the evidence.

Mr. YOUNG: I do not care whether it is in the evidence or not, there it is.

Mr. SOMMERVILLE: That was a particular factory operated by a department store and showed losses.

Mr. YOUNG: It showed the wages.

The CHAIRMAN: I rather resent the suggestion we are trying to cover up anything, because if there is anything I have done since this committee started, it is certainly not to cover up. I do not think you have any justification for that attitude. I have asked the committee, I think courteously, if they would leave this question until Monday, and then we would make a complete disclosure of names. I think it is something the committee ought to consider quietly and sanely. I am not seeking to impose my wishes against the wish of the committee to open up the thing; but I suggest to the committee it would be wise to give it a little more thought than perhaps the committee has given it.

By Mr. Sommerville:

Q. You say you investigated 47 contractors?—A. Forty-seven, but there are 171 contract shops in the city of Montreal.

Q. There are 171 contract shops in the city of Montreal?—A. And district.

Q. Forty-seven of these you visited?—A. I have.

Q. Of the 47, in how many did you find the minimum wage laws were being observed?—A. Four.

Q. In the balance they were not being observed?—A. No, sir.

Q. Generally speaking, how did the wage scales that were in force in these contract shops compare with the wage scales described yesterday by Mr. Glassco as to independent contract shops in Montreal and country?—A. These are smaller contractors, and I should say that the evidence shows that they were ten per cent lower than he described, maybe a little more than that.

Q. What was the condition generally of the premises in which these contract shops are carried on?—A. The majority of them are in a very dirty condition, paper strewn over the place, fire hazard and sanitary conditions bad.

Q. How about ventilation?—A. In buildings like the Ontario buildings, and a few of the bigger buildings, ventilation good, but in the small old buildings, bad. There was one case or one shop, in the north part of Montreal that I asked Mr. Glassco to come and see personally himself. It was about the size of that wall to here (indicating). The first time I visited it there were 32 employees in it.

Q. That would be about what?—A. From the wall to here.

The CHAIRMAN: Fifteen feet?

Mr. SOMMERVILLE: We cannot get that down on paper.

The CHAIRMAN: Twenty feet square?

The WITNESS: From the wall to this table. That was about the size of the shop.

The CHAIRMAN: Thirty by fifteen?

By Mr. Sommerville:

Q. And there were how many in it?—A. Thirty-two, including the proprietor of the store, the first time I visited it. That was eight or nine days after I was appointed to this commission. When we went back on the Monday, there were only sixteen or seventeen working there.

Q. Are the wages that were paid there generally below the legal rates?—A. Oh yes, except in a few instances where I found them all right.

Q. As to the male employees in these work shops, how did you find the wages compared with the wages paid to females?—A. In some cases, they were shown very high, \$30, \$40, \$42 for the men; but I investigated in the firm I found that a man was employing three or four helpers whom he was paying out of that \$40.

Q. Three or four on the one ticket?—A. Yes.

Q. We had some evidence in that regard?—A. That prevails in the shops. One girl may employ an assistant whom she must pay out of her salary.

Mr. FACTOR: We are talking of the male help. In how many cases did you find that condition prevailing in regard to the male help?

The WITNESS: Nearly every shop.

By Mr. Sommerville:

Q. Generally speaking, how did the male wages compare with those paid females in the contract shops?—A. In many many cases, below what the female help was getting.

Q. I presume with so many independent contractors, the competition is very keen?—A. Yes; I will give you an instance of that. I was in a building in the centre of the city, with one contractor, conversing with him, and a boy passed the door with some pants on his shoulder. He left me and rushed downstairs, and he was trying to find out where the boy was delivering the pants, and he told me after, to put in a price and try to get the work. Later on, about a week after, the same thing happened to me again.

Q. These contractors watch where the clothes are being delivered, and they follow the delivery boy to the place where they are being delivered, and put in a price to get the work?—A. Yes, lower.

Mr. EDWARDS: Eliminating the middleman, that is all.

By Mr. Sommerville:

Q. How do the prices paid to these contractors generally compare with the costs of making similar garments in the shops that were described by Mr. Glassco yesterday?—A. Before answering that question, I would like to check against Mr. Glassco's statements, I have some figures here of prices received by these contractors in 1931, against the prices received to-day, and they are down 50 to 60 per cent on the prices they were receiving. Here is one instances. one contractor in 1931 got 90 cents and \$1—

Q. For what?—A. For making boys' coats and topcoats. To-day he is receiving 55 cents, 60 cents, and 65 cents.

Q. For boys' topcoats?—A. And men's topcoats as well.

Mr. FACTOR: Per garment?

The WITNESS: Per garment.

By Mr. Heaps:

Q. Is that for exactly the same class of work that was done in 1931?—A. The contractor told me it was practically the same kind of coat.

Q. Just as much work in it now as there was two years ago?—A. Yes, sir. Another one, the price reduced for pants from 65 cents to 75 cents, to 46 cents and 51 cents.

By Mr. Sommerville:

Q. Men's pants?—A. Men's pants. The price of another contractor in 1931 was 40 cents to 75 cents; to-day he is receiving 30 cents to 35 cents.

Q. For what?—A. Pants.

Mr. HEAPS: Per pair?

The WITNESS: Per garment, yes. I am speaking of per garment.

By Mr. Sommerville:

Q. So that the prices have been very substantially reduced during the last two or three years?—A. Yes.

Q. Now, what do you know about homework performed in the city of Montreal?—A. That only came to my knowledge a few weeks ago, and I have not had a chance to investigate it properly. When I heard about it, I started making inquiries, and then I called on two second hand dealers on St. Lawrence Main, dealers selling electric machines second hand. I went through their books and found out who they were selling electric machines to, I got those addresses and I called on those addresses, with some excuse, and I got in to nearly every place. When I called at one place, I found work being done.

Q. The work in actual progress?—A. The work in actual progress; that was in the north part of Montreal.

Q. Yes?—A. There was a man and his wife and two daughters working on two machines. They were making a work pant. After a long talk with them, he told me he was getting 20 cents a pair.

Q. 20 cents a pair for work pants?—A. Yes. I may say I found sold by these two second-hand machine people, 72 machines sold during the last two years to addresses in Montreal. I can't say whether they are operative on men's clothing. That may be traced out. I am simply telling the ones I did trace.

Q. Have you learned how extensive the home work is in the city now, that we have heard of?—A. A lot of the contractors say it is growing greatly.

Q. And that is a development of the last how many years in the city?—A. By their information, the last two and a half years.

By Mr. Factor:

Q. What volume of work is done?—A. As I told you, I have not investigated that thoroughly. I could not tell you that. It only came to my knowledge about two weeks ago and I went after it.

By Mr. Sommerville:

Q. You have, for a great many years, been an investigator, and familiar with the manufacture of ladies' dresses in Montreal?—A. Investigator for the Department of National Revenue on ladies' dress manufacturing, to keep an eye on it and stop smuggling and under-valuation.

Q. You have been in touch with that industry for a number of years?—A. Eight years.

Q. Is there a very large amount of manufacturing of ladies' dresses that goes on in Montreal?—A. Very large.

Q. And generally speaking, how does the scale of wages paid for ladies' dresses compare with the wages, as given us yesterday, paid for men's clothing?—A. The wages for the ladies' dresses are very low. I have actually checked two, by special instructions from this committee. Both were found greatly under the scale, and they were convicted by the Minimum Wage Board after my investigation.

Q. Generally speaking, what do you say as to the wage conditions with respect to women's dresses as compared with the wage conditions with respect to men's suits?—A. I would say they were quite as bad, especially in the contracting shops.

Q. Are there many contracting shops in women's dresses?—A. I know of about eighteen to twenty. They are ex-manufacturers, went bankrupt, couldn't get any further credit; so the result is they buy their machines and do contracting.

Q. Is there a good deal of home work?—A. Yes.

Q. In the ladies' dresses?—A. Yes.

Q. Much more so than in the men's clothing?—A. Well, I know personally of more. As I told you, I have not investigated the men's thoroughly.

Q. What are the conditions under which the home work is done?—A. Generally in the very lowest room in the house, unsanitary conditions, crowded.

Q. What about the wage conditions for the home work, the amount paid? Is that less than what is paid in the factories?—A. Well, with that dress home work there is practically no wages. Generally father, mother, daughter and brother work in it. They simply divide up what they get at the end of the week, in proportion.

By Mr. Heaps:

Q. Have you any idea of what they get?—A. It depends on what silk they can get.

Q. Well, in the cases you investigated?—A. In the dresses they may sell 30 dresses during the week. They give so much ready cash to these jobbers of silk to sell a sample; buy a cheap dress and take back a sample and make up the dresses to sell around to the smaller trades. That has been prevailing in the dress trade for a long time.

Q. You don't know what they actually make?—A. It is pretty bad.

Q. Anything approaching a living?—A. They exist, I say that.

By Mr. Factor:

Q. How much do they get per garment, per dress?—A. \$2 made up. I have seen some sold for \$1.75.

By Mr. Sommerville:

Q. That is including material?—A. Yes.

Q. That is manufactured. What Mr. Factor had in mind was how much the worker got for making it?—A. As I told you, generally the mother, father, daughter and son work together, and there is no such thing as a wage book kept, and you could not say.

Q. There is no wage book kept, and you could not tell?

By Mr. Factor:

Q. Didn't they get so much per garment, the same as on the men's clothing?—A. If it is daughter and son working with the father and mother, they would not work on this basis. They simply work together.

The CHAIRMAN: How much a garment?

Mr. FACTOR: Exactly.

By Mr. Sommerville:

Q. How much does the contractor pay to the home worker per garment for this garment? Do you know that?—A. I know for some cotton ones. I am speaking of cotton dresses now. They pay them 90 cents a dozen.

Q. 90 cents a dozen for cotton dresses?—A. Yes. There is only one case I actually know the price.

Mr. HEAPS: Family compacts.

Mr. SOMMERVILLE: Well, thank you, Mr. Hurson.

By Mr. Heaps:

Q. Before you go, do you know how many people are employed in these 170 contract shops?—A. Taking the average, about 15 to a contract shop. That is what I think it averages.

Q. About 15. Do you think there would be at least 2,000 people employed in these contract shops in Montreal?

The CHAIRMAN: 170 of them.

Mr. HEAPS: There would be more; there would be at least 2,000.

The WITNESS: I should say so.

The CHAIRMAN: 2,500.

The WITNESS: Because I have two contractors, one of whom engaged 100 men and another 85.

By Mr. Heaps:

Q. Do you know how many are employed in the men's clothing industry in Montreal?—A. The union people did tell me a rough idea, but I have forgotten, when I first started the investigation.

Q. Do you know if these contract shops, which pay such miserably low wages, send their pay-rolls in to the Minimum Wage Board in the province of Quebec?—A. Many of these contract shops have never heard of it.

Q. The Minimum Wage Board does not know they are in existence?—A. I don't think so. Never heard of them.

Q. In regard to the sanitary conditions of these shops and homes where the work is done, are there any factory laws governing conditions?—A. I was under the impression that a man went around and examined, but he certainly could not have been in a lot of these, because the paper was stacked high, and if it ever caught fire there would not be any chance.

Q. When you discovered these conditions which were so deplorable, did you make representations to the authorities in the province of Quebec?—A. No.

Q. Or to the Ottawa authorities?—A. No, only this committee.

By Mr. Edwards:

Q. Are there any inspectors of these buildings? I mean inspectors as to conditions, working conditions and so forth, the same as we have in the province of Ontario?—A. I don't know. I know since I have been investigating, during the last six weeks, there have been a lot of Minimum Wage Board inspectors going around.

Q. I mean as to factory conditions?—A. I don't know.

Q. As to safe-guards for machinery, and so forth?—A. I could not tell you.

Q. None of that?—A. I don't know, personally.

Mr. SOMMERVILLE: All right, Mr. Hurson. I will call Mr. Sparks.

The witness retired.

R. P. SPARKS, called and sworn.

By Mr. Sommerville:

Q. Mr. Sparks, you represent the National Fair Trade Council?—A. Yes.

Q. And they requested an opportunity to present the views of the Fair Trade Council to this committee respecting some of the subject matter under inquiry by the committee?—A. Yes.

Q. Will you now just present your views? Have you got a copy?

Mr. YOUNG: First, tell us who the Fair Trade Council is.

Mr. SOMMERVILLE: He will, I am sure.

The WITNESS: I didn't expect to be called this morning. I have a few tables of a general character, of which I prepared 25 copies. I just telephoned to have them sent up, and they will be here in two or three minutes. In the meantime I would like to make just a very brief statement.

By Mr. Sommerville:

Q. All right. But will you tell us first, as Mr. Young asked, who the Fair Trade Council are? Then make your presentation?—A. Yes. The National Fair Trade Council is an organization representing manufacturers, wholesalers and retailers. When it was organized we issued a small pamphlet.

By Mr. Heaps:

Q. When was it organized?—A. About four months ago, in March, just at the opening of this inquiry. We issued a small pamphlet. If I might read two or three brief paragraphs, it will generally disclose just what our objects are. We set out in the first paragraph:—

The National Fair Trade Council is organized to give expression to the views of those who believe that the large corporate distributors, such as chain stores, departmental store organizations, and mail order houses, are using unfair, unethical, and other questionable methods to build up their business.

Further on we say:—

The National Fair Trade Council believes that "predatory price cutting" as practised by such organizations is economically unsound, that the growing extent to which the distribution of consumer goods is being controlled by a few great corporations is socially undesirable; that the public interest will be served if, with the authority and under the guidance of government, manufacturers or traders are permitted to make agreements with each other which will insure fair competition.

Those are three brief paragraphs from that circular. I think I should make it clear in referring to department stores, we are concerned only with chain and department stores.

By Mr. Young:

Q. Before you leave the Fair Trade Council, would you mind telling us how you are financed and all about it?—A. Yes, we are financed by subscribers, from anyone who cares to subscribe.

Q. How is your revenue?—A. Not as much as I would like it to be.

By the Chairman:

Q. Something like the Consumers' League?—A. I think it grew out of a meeting which was held here of representatives of Retail Merchants Association from all parts of Canada. All the provinces were represented. The Retail Merchants Association didn't have any central organization. Therefore they wished to be represented here; I mean, to have somebody to speak for them generally. In addition to that, quite a large number of trade associations, including garment manufacturers and many other classes of trade, felt that they had a common interest with the independent retailer as opposed to the interest of the chain store and department store. It is a very big question as we see it. There is before this committee a conflict between two methods of distribution.

By Mr. Factor:

Q. You are not answering Mr. Young's question?—A. About finances?

Q. Yes?—A. Well, in this circular we ask the financial support of any who care to contribute. There have been contributions from individuals and associations.

The CHAIRMAN: Are we concerned with what their finances are?

Mr. FACTOR: It is interesting.

Mr. YOUNG: Oh, yes, we would like to know something about this organization. I believe they have been doing considerable work throughout the country. I think I have seen some letters from them.

The WITNESS: Possibly so.

Mr. EDWARDS: An antidote to the Consumers League, is it not?

Mr. YOUNG: Possibly.

The WITNESS: There were plenty of letters sent out. Thousands of letters were sent out.

Mr. YOUNG: You mean something working against the consumer, Mr. Edwards?

Mr. EDWARDS: Oh, no, no. I don't know anything about that.

The CHAIRMAN: Excuse me, gentlemen. I think what we are here for is to hear evidence. Mr. Sparks, representing the Fair Trade Council which, he has indicated, is organized for the purposes stated, wishes to present to the committee certain information. I think it would be very interesting to the committee to receive that information.

Mr. SOMMERVILLE: On March 8, the president, Mr. Cook, give an intimation of the nature of the association.

By Mr. Factor:

Q. What is your connection with the Fair Trade Council?—A. I am employed as counsel, purely and simply.

Q. You are a paid official?—A. Yes.

By Mr. Young:

Q. You are on a salary?—A. No. I fixed a fee which has not yet been paid, but I think it will be. I hope so.

Q. Are you the only paid official?—A. Yes, I am the only paid official.

Q. Does the president get any salary?—A. No.

Q. Or fee?—A. No.

Q. Nothing at all?—A. Nothing.

Q. What are the revenues used for, other than the fee of counsel?—A. We have a statistician and economist employed.

Q. That is all?—A. That is all.

Q. And you maintain an office?—A. Yes.

Q. Your revenue for the year would be how much?—A. For the year? I don't know.

By the Chairman:

Q. You have hopes?—A. We have hopes. I suggested to them that we could very well use about \$25,000.

By Mr. Young:

Q. \$25,000?—A. Yes, but we didn't get nearly as much as that. We would like to have employed one or two outstanding economists. We unfortunately were not able to do that, and I am endeavouring to do the best I can along that line, myself. There is a great conflict of interests between the different types of distribution. I understand the large distributors are employing a very high-priced staff of economists to support their viewpoints; and I think the independent is quite entitled to be heard before this committee just as fully, when the time comes, and to put in any facts that they think would have a bearing on the problems before the committee. That is what we propose to do.

Q. We are not denying your right to come before the committee. We just want to know who you are?—A. There is no secret about it, it is a publicly organized organization. We sent out about 25,000 of these circulars, with the names of the officers and the objects set out. There was nothing secret or private about it.

By Mr. Factor:

Q. One firm informed me that they received a request from your organization for a contribution of \$10,000?—A. No, no firm received any request for \$10,000, that is absolutely untrue.

By Mr. Young:

Q. Was there one for \$1,000 sent out?—A. There was no request for a specific amount at all.

Q. I think I have a letter with Mr. Cook's name attached suggesting that some contribute \$1,000?—A. That may be so, I think possibly it is well worth that amount to a lot of people. I think it is a very necessary organization, there is the possibility for a great piece of constructive work, that is what we hope it will be.

By Mr. Sommerville:

Q. Now, Mr. Sparks, proceed with your presentation?—A. I was just saying that we were concerned only about these chain department stores. We are making no criticism of the single department store, regardless of size.

By Mr. Factor:

Q. What do you mean by the chain department stores?—A. We refer only to the T. Eaton Company, the Robert Simpson Company and the Hudson Bay Company.

Q. Aren't they department stores?—A. They are chains of department stores. There can be no objection to a large department store in a large community. That is a natural condition. But when department stores grow to a size that

they have a purchasing power of \$225,000,000, then they are in a position to dominate the producer and to bring about sweat shop conditions in industry.

Q. I frankly confess that I cannot understand what you mean by chain?—A. They have 237 retail outlets.

Q. You mean, you are referring to the mail order and the Canadian Department Store?

The CHAIRMAN: You are referring to the Groceries, the Canadian Department Stores all their branches, order houses and order offices.

The WITNESS: Yes.

By Mr. Sommerville:

Q. I understand your objection is not to a single department store, like those we have here in Ottawa?—A. No.

Q. Where there is one store in its own area, but rather to where there is an establishment of a great many of them in a great many areas bringing accumulated buying power into a few hands?—A. I think that expresses it completely.

Q. That is it?—A. That is the story exactly.

By Mr. Young:

Q. Would you limit the area in which they might do business?—A. I do not know that we propose to set anything, Mr. Young. We say that if any firm get, as the T. Eaton Company have, ten per cent of the purchasing power of consumers' goods, it is uneconomic, it is dangerous, and it has brought about the condition which you have heard described in the last two days; and we attribute that condition to accumulated buying power.

By Mr. Factor:

Q. I am not so sure of that, I cannot see why you attribute it to that cause. In my opinion, and of course it is only an opinion, you are putting the cart before the horse?—A. I will present a few figures.

By Mr. Sommerville:

Q. Just proceed with your presentation, Mr. Sparks?—A. I might add, while these are being distributed, Mr. Warren K. Cook, President of our Association, was the first to present evidence. He was followed, I think, by 15 witnesses, all of whom are associated with the National Fair Trade Council; so, in a way, we laid down the foundation at the start of this enquiry upon which most of the enquiry has been conducted; and we felt that it would be perfectly proper now that the committee is adjourning if we were to summarize what has happened as a result of the statements made by us at the start of the enquiry. This is a very brief statement as to certain conclusions arising out of the enquiry as conducted so far in regard to department stores. The first table here is just general figures which I will not read into the record, but I would appreciate it very much if it might be taken in. The total retail business of Canada is \$2,753,000,000.

Mr. HEAPS: Mr. Chairman, are we listening now to an opinion on the evidence which has been submitted to this committee.

The CHAIRMAN: I cannot understand why there should be any objection to listening to Mr. Sparks. He is representing a certain group, or number, of business concerns, such as retailers and manufacturers. He desires to express their views to this committee. I think that we ought to hear his views. We will weigh his views, and we can estimate the merit or value his statements deserve later.

By Mr. Sommerville:

Q. You are representing a certain organization and you have certain figures and facts which you desire to present for consideration by the committee?—A. Yes.

Q. Now then, proceed with your first statement.

Mr. FACTOR: I am willing and anxious to listen to Mr. Sparks, but I was under the impression that Mr. Coates of the Dominion Bureau of Statistics was to present these figures. I notice they are all based on the reports of the Dominion Bureau of Statistics.

The CHAIRMAN: Mr. Factor, there is scarcely a set of figures quoted by anybody in any case, other than those who are auditors citing from their original records, but what come from the Dominion Bureau of Statistics. Any one who quotes statistics in support of his views invariably gets them from that source, and they are available for that purpose for everybody.

Mr. SENN: I think this is very valuable evidence.

The WITNESS: Statement No. 1 shows the total retail business in Canada, the total number of retail stores, the total number of independent stores (departmental stores excluded) the average sales of independent stores, the total sales of Eatons, Simpsons and Hudsons Bay Company—which amounts to \$288,000,000.

GENERAL FIGURES RE RETAIL MERCHANDISING IN CANADA, IN 1930

(Based on the Report of the Dominion Bureau of Statistics)

Total Retail Business in Canada.....	\$2,753,000,000	
Total number of all Retail Stores.....	125,002	
Total number of independents, department stores excluded.....	116,380	
Total sales of independents, department stores excluded.....	1,896,000,000	
Average sales per independent store.....	16,345	
Total sales of Eatons, Simpsons and Hudson's Bay Co.....	288,000,000	
Number of independents represented by sales of Eatons, Simpsons, Hudson's Bay Co. (on basis of average sales of independent \$16,345).....		17,620
Total number of chain stores.....	8,573	
Total sales of all chain stores.....	548,000,000	
Number of independents represented by sales of chain stores (on basis of average sales of independent \$16,345).....		33,527
Total number of independent stores represented by sales of Eatons, Simpsons, Hudson's Bay Co., and chain stores.....		51,147

By Mr. Young:

Q. Did you say a minute ago that Eatons handle ten per cent of the total trade?—A. I have the figures here. If I may proceed, I think I have it pretty complete. This is not an important statement. It is in a general way important, I think, it reveals the tremendous purchasing power of these three companies and it discloses that the sales of these three companies represent the sales of 17,620 independent retailers.

By Mr. Sommerville:

Q. What basis is that on?—A. On the basis of average sales of independents at \$16,345.

Q. The Bureau of Statistics say that the average sales per independent store per year are \$16,345?—A. Yes.

Q. What you are drawing to the attention of the Committee is that the sales of these three companies is equal to the sales of 17,620 independent stores?—A. Yes.

By Mr. Factor:

Q. Then your statement that Eatons controlled 10 per cent of the business was an inaccuracy?—A. I will have the figures in a moment, if you will just wait.

Q. But it was not accurate to say that?—A. I think if you will just wait until I present the figures you will find that there is nothing inaccurate about that statement.

Q. You said at the start that Eatons, or the three large department stores, controlled over ten per cent?—A. If you will just wait till we come to that, I think you will be satisfied.

Q. Your statement is inaccurate, that Eatons control 10 per cent of the business?—A. Of the business in which they trade.

Mr. EDWARDS: Let's get it, and decide afterwards.

The WITNESS: Let us look at the next table which shows briefly the estimated percentage of business done by the three large stores in relation to the total business of Canada in the lines in which they compete.

By Mr. Sommerville:

Q. Before we leave this first table I notice that the total sales of all chain stores amount to \$548,000,000?—A. They represent the sales of 33,527 retailers.

Q. And the total number of independent stores represented by the sales of the department stores and the chain stores is from the figures the equivalent of 51,147 stores?—A. Yes. The next table shows the total retail business of Canada at \$2,753,000,000, and of this \$803,000,000 was in lines in which Eatons, Simpsons and the Hudson Bay Company do not compete; such things as automobiles, sales of filling stations, lumber and building materials, fruit, liquor stores, etc. I think it is perfectly proper that that should be deducted from the total. That leaves a balance of \$1,950,000,000 in which these three companies do compete directly with the independent retailers. They did \$288,000,000 of business, and the percentage of that is 14.77. But you will note that in 1930—these are the 1930 figures because they are the only general figures we have, the Bureau made a special survey and report on business in 1930; so we have not the 1933 figures or any other figures.

By Mr. Young:

Q. You have nothing later than 1930?—A. We have later figures but they are not as complete.

ESTIMATED PERCENTAGE OF BUSINESS DONE BY EATONS, SIMPSONS AND HUDSON'S BAY CO., OF TOTAL BUSINESS OF CANADA IN LINES IN WHICH THEY COMPETE (1930)

(Based on the Report of the Dominion Bureau of Statistics)

Total Retail Business in Canada.....	\$2,753,000,000
Total Retail Business of Canada, in lines in which Eatons, Simpsons and Hudson's Bay Co., do not compete (estimated).....	803,000,000
Total Retail Business of Canada, in lines in which Eatons, Simpsons, and Hudson's Bay Co., do compete.....	1,950,000,000
Amount of Sales—Eatons.....	\$ 205,000,000
Simpsons.....	47,000,000
Hudson's Bay Co.....	36,000,000
Total Sales of these three Companies, 1930.....	288,000,000
Percentage of business done by Eatons, Simpsons, Hudson's Bay Co., in relation total business of Canada in lines in which they compete (1930)	14.77%

By Mr. Sommerville:

Q. A special survey was made in that year we understand from Dr. Coates.

By Mr. Young:

Q. What the committee has been trying to find out all along is whether in the last few years the ordinary retailer has been losing business through these stores, or whether his loss of business has been accompanied by a corresponding loss of business on their part?—A. We have those figures for you.

Q. You have those figures?—A. Yes. You will note Eatons \$25,000,000 in 1930 in its relation to \$1,950,000,000. Eatons actually did some ten per cent of the total business in which they compete.

By the Chairman:

Q. In that year?—A. Yes. The next statement is simply a comparison of the largest chain department store, of the largest mail order house in the world, and the T. Eaton Company. It reveals that there is nothing in the world like the T. Eaton Company.

By Mr. Sommerville:

Q. What do you mean by that, in relation to the population of the country?—A. In relation to the population of the country.

Q. You have taken the population of Canada as being 10,000,000, and the population of the United States at 123,000,000, and you have compared the T. Eaton Company in Canada with the Sears Roebuck Company in the United States?—A. Yes.

COMPARATIVE FIGURES RE RETAIL TRADE OF CANADA AND U.S.A.

	Canada	U.S.A.
Population.....	10,000,000	123,000,000
Total retail sales (1930).....	\$2,753,000,000	
Total retail sales (1929)—estimated.....	3,000,000,000	\$49,000,000,000
Total per capita retail sales (1929).....	\$300	\$398
Largest department store—Mail Order House.....	T. Eaton Co., Ltd.	Sears Roebuck Co.
Total sales (1929).....	\$225,000,000	\$443,000,000
Per capita sales (1929).....	\$22.60	\$3.60
Percentage of total retail sales of country.....	7.5%	0.9%

Q. Is that the largest in the United States?—A. That is the largest in the world.

Q. And their total sales in 1929 were \$443,000,000, or per capita sales of \$3.60 in the United States or .9 per cent?—A. Of the total retail trade in the United States.

Q. And you say that in Canada in 1929 sales by Eatons amounted to \$225,000,000, which represented per capita sales of \$22.50, and the percentage to the total retail sales of the country would be 7.5?—A. Yes.

Q. That is on all the retail business?—A. On all the retail stores, yes.

By Mr. Factor:

Q. You took the complete year 1929?—A. The 1930 figures were for the only year I had.

Q. But these are for 1929?—A. I have taken that year, as a matter of fact I did not take it designedly, that was the last year for which I could get particulars of the business by Sears Roebuck Company when I was in the American Embassy, it was the last year they had. Now, the interesting thing it seems to me is the T. Eaton Company does dominate merchandising to a greater extent than any other store.

By Mr. Sommerville:

Q. That is to say, it has a larger percentage of sales in this country than any other store?—A. Than any other store in the world.

By Mr. Young:

Q. There is something pretty interesting here, and pretty striking—Eatons' sales of \$22.50 per capita represents 7.5 per cent of the retail business in Canada; and \$3.60 per capita represents 9 per cent of the sales in the United States?—A. Nine tenths of one per cent.

Q. Oh, I see.

The CHAIRMAN: There is a decimal point there which makes a slight difference.

The WITNESS: The next table, No. 4 I think if I may say so is the highlight of this whole investigation so far. I am not satisfied with the figures I am presenting, but I am giving the statement to you as to how they were arrived

(SPECIMEN RETURN)

NATIONAL FAIR TRADE COUNCIL (RETAIL DIVISION)

Room 407, 140 Wellington Street, Ottawa

Name of Firm—Jones and Company.
City or Town—Blankville. Province—Ontario.
Kind of Business—Men's Wear (or Department).
Particulars of Trading: For business year ended 1933.

	1933		1930 or 1929	
	\$	cts.	\$	cts.
Merchandise sold during year (total cash and credit sales).....			30,400.00	42,500.00
Stock on hand of Merchandise at commencement of year.....	15,860	87	21,800.00	
Add merchandise purchased during year, including freight and duty.....	17,182	61	25,300.00	
	33,043	48	47,100.00	
Less Stock on Hand of Merchandise at end of year.....	13,657	97	18,900.00	28,200.00
Gross Trading Profit for Year.....		11,014.49		14,300.00

If the records of your business are divided into departments please submit figures for each department on separate additional sheets similar to this.
In order to get your gross profit previous to the depression we would like to get, for comparative purposes, your figures for 1929 or 1930, if available.
(Fill in blank on reverse side)

NATIONAL FAIR TRADE COUNCIL (RETAIL DIVISION)

Room 407, 140 Wellington Street, Ottawa

Name of Firm.....
City or Town.....; Province.....
Kind of Business.....(or Department).
Particulars of Trading—For business year ended.....

	1933		1930 or 1929	
	\$	cts.	\$	cts.
Merchandise sold during year (total cash and credit sales).....				
Stock on hand of Merchandise at commencement of year.....				
Add merchandise purchased during year, including freight and duty.....				
Less Stock on Hand of Merchandise at end of year.....				
Gross Trading Profit for Year.....				

If the records of your business are divided into departments please submit figures for each department on separate additional sheets similar to this.
In order to get your gross profit previous to the depression we would like to get, for comparative purposes, your figures for 1929 or 1930, if available.
(See specimen return on reverse side)

at. It appeared very desirable to make some comparison of the mark-ups obtained by independent stores in their relation to the mark-up which obtained in the large department stores. I sent out a thousand copies of a form asking the independent retailers (that is a copy of the form—indicated). We asked the retailers to furnish us with the information called for by that form as to their business: their purchases and sales showing their maintained mark-up for the years 1930 and 1933.

By Mr. Kennedy (Peace River):

Q. Would this be the maintained mark-up above the wholesale or would it be in addition to the original cost?—A. On their cost the mark-up on their cost.

The CHAIRMAN: Is this on the same basis as the evidence we have had from the auditors?

The WITNESS: Yes, sir. I think it is absolutely comparative.

By Mr. Factor:

Q. Let us analyse that. Is it a mark-up on the cost of a product from the wholesaler or from the manufacturer?—A. From wherever he purchased it.

Q. That makes all the difference in the world, because in order to make a needful comparison you ought to compare that with the cost from the manufacturer, because the gross mark-up of the departmental store is on the cost from the manufacturer, and if you compare it with the cost in certain instances from the wholesales you have to add to that the mark-up between the manufacturer and the wholesaler?—A. I quite realize that.

Q. Then this table is not a comparison?—A. That is a matter of opinion.

Q. It is not a matter of opinion.

Mr. YOUNG: It is a matter of fact.

Mr. FACTOR: Yes, it is a matter of fact.

By Mr. Sommerville:

Q. If he buys from the manufacturer?—A. Which he mostly does. In the lines I have given I am prepared to say that probably 95 per cent of his purchases are direct from the manufacturer.

Q. In men's clothing?—A. There are no wholesale houses selling men's clothing.

Q. And in ladies' ready-to-wear?—A. None.

Q. Men's, women's and childrens' boots and shoes—there are some?—A. Very few; the jobber is pretty well gone.

Q. And furniture?—A. I think there are no jobbers in furniture.

Q. In hardware there are some?—A. Yes, some wholesalers there.

Q. But they are limited?—A. Yes.

Q. Mostly hardware is sold through the manufacturers?—A. Yes. I think they are absolutely comparative figures. I think they are entirely fair, and whether they are or not they are interesting figures. I have no desire to conceal where they came from. I have submitted a copy of the form in which they are obtained, and I have a copy of the letter which was sent.

Mr. YOUNG: Will you read that letter to me?

The WITNESS: Yes.

The National Fair Trade Council has been set up, with the support of the Retail Merchants' Association of Canada, for the purpose of representing and protecting the interest of the independent retailer throughout the country before the Select Committee of Parliament on price spreads and mass buying, now in session.

The question has been asked on a number of occasions before this committee as to the cost of distribution of goods by the independent retailer as compared to similar costs by large department stores or mail order organizations.

In this connection it is necessary that we obtain, quickly, complete and accurate information as to the average mark-up or gross profit of independent retailers engaged in various lines of business. We attach hereto a simple form for this purpose, which we would ask you to complete and return at once. This is practically the same form as is used in preparing your income tax return, except that it does not disclose any intimate details of your business, such as profits, etc.

We are obtaining hundreds of such statements from retailers from one end of Canada to the other. This information will be treated as strictly confidential, and no details in regard to your individual business will be disclosed to anyone. The figures which you give us will simply be used in combination with other figures to work out average figures, which is most essential that we should have.

Will you please co-operate with us, in your own interest, by supplying the information asked for by the return?

By Mr. Sommerville:

Q. And you had how many returns?—A. We had 206 returns.

Q. And these figures are built up— —A.—built up on the 206 returns.

Mr. FACTOR: 200 out of 1,000?

The WITNESS: Yes.

By Mr. Young:

Q. These are average figures?—A. These are actual figures.

Q. They are the average of 206?—A. Yes.

Q. How did you arrive at the average—add all the figures together and divide by 206?—A. No, sir; we weighted.

Q. In the case of these other stores we have had our own auditors go in and check them over and note their mark-up and their expense and their profits and their losses; don't you think it would be fairer if we did the same thing with the retailers, instead of taking voluntary figures?—A. I would be very delighted if you do it. I think it is unfortunate that it has not been done.

Mr. EDWARDS: It is a big job.

The WITNESS: It is a big job.

By Mr. Young:

Q. We would not need to go into all the stores of the country, but pick out representative stores. In one case you have voluntary figures of the complainants; in the other case we have accurate figures by an impartial body?—A. I am satisfied the figures are accurate. They gave us detailed figures of exact sales, and we are sufficiently familiar to know they are the correct figures.

Q. It seems to me they would carry more weight if they were got the other way?—A. No doubt about it.

Mr. SOMMERVILLE: I think it would be very interesting to have an investigation of the retail stores through the auditors.

The WITNESS: We would be very pleased.

Mr. SENN: Impossible.

Mr. SOMMERVILLE: It would be a tremendous job for the committee.

Mr. YOUNG: We are weighing two different kinds of evidence.

The CHAIRMAN: Mr. Sparks' method is one which is recognized very commonly; they sent out a questionnaire, and upon the composite picture presented he has arrived at his figures.

Mr. YOUNG: At the beginning of this enquiry we were going to send a questionnaire to the big houses. Then we changed our minds and sent auditors in instead. Perhaps if we had got their voluntary figures they might not have been quite the same.

The WITNESS: Of course, Mr. Young, I might say this—it is based upon more than forty years trading experience. We know positively from our own knowledge that the independent retailer's mark-up is low.

Mr. FACTOR: That does not help us.

The WITNESS: No. This is the best evidence we could get. I might say this. I took these figures down to the Bureau of Statistics and discussed them with the statisticians down there and they regarded them as a very fair picture. They said if we had 20,000 they did not think it would change one-half of a per cent. They do not take the responsibility—we take the responsibility for these figures, and I believe they are accurate.

By Mr. Factor:

Q. Have you one of these answers from the retailer?—A. Yes, I have lots. I do not know that I have brought them up, but I will be glad to file them with the committee—there is no secret.

Q. I want to see one?—A. There is an example on the back.

Q. That is a printed example?—A. We found retailers quite reluctant to give the evidence which disclosed their business, and when they knew it was coming before this committee, for one reason or another, they were afraid. That is why we did not get more answers.

By Mr. Young:

Q. We did not have any regard for the reluctance of the big stores?—A. No. I think you will not have any regard for the reluctance of the independents, because we would be delighted if you did do it thoroughly and completely. The more you go into it the more we prove our case.

Q. Is not this the case that you go into one store and buy an article and the mark-up is twice as much as the mark-up in another store on another street? Have you not found that to be the case in your experience?—A. No, I think—not in a general way. It may occur occasionally. The economic law is such that that cannot occur. The retail business is competitive. They will mostly, in the final analysis, well about on the same basis.

Q. My experience is that they do not?—A. Well, nobody denies there is complete competition in the retail business, and the mark-up on the profit of every movement of the retailer is absolutely and solely based on competitive conditions.

The CHAIRMAN: I suggest we come back to this table. Mr. Sparks presents this table, as I understand it, as his view or conviction that the figures are fair and accurate comparisons with these others that have been presented. The committee will, however, decide in its own mind as to that and determine whether or not it wishes further evidence to support or disprove it.

The WITNESS: Take men's clothing and furnishing. I might say we took Eatons clothing and furnishing and divided it into six or eight departments. We took the total figure for Simpsons and Eatons. We took men's clothing because they have many departments—various departments selling men's and boys' furnishings ready-to-wear. I think there are ten or fifteen departments. We weighted those figures to get Eatons and Simpsons true business.

By Mr. Factor:

Q. Pardon me. I just want to see how you arrive at the gross profit. Take this example—"kind of business, men's wear." Does that mean exclusively men's wear?—A. Yes, sir.

Q. It does not deal in anything else?—A. No, sir. We had some returns which we had to throw out. We might get hardware and plumbing and we threw it out because the plumbing might influence it. We might get clothing and boots and shoes. We could not use that because it might not be fair. But we have selected out of the returns those which we are convinced are accurate. We have done the best we could to do an honest job. We would not come before this committee with any figures that cannot absolutely be said to be on a sound economic basis.

Q. How many of those 200 returns did you have to throw out?—A. I suppose 50. We found they were not fair; they were not accurate enough; we were not sure of them.

Q. It is reduced to 150?—A. No, sir. This is in addition.

By Mr. Sommerville:

Q. It is reduced to 106?—A. Actual cases.

Q. You received 256 returns?—A. Yes, sir.

Q. Of which 50 were discarded?—A. I do not know how many, but we discarded anything that did not fit into the picture. Some we would have been delighted to put in because they happened to be low. This is an honest statement.

Mr. FACTOR: I do not like all that emphasis; we know that.

The WITNESS: I know.

Mr. FACTOR: Would you mind filing with this committee the answers?

The WITNESS: We will be glad to do that. This statement shows—take men's clothing and furnishings—that in 1930 the independent mark-up was 38·88 and in 1933, 37·6, whereas Eatons made a maintained mark-up from all their furnishing departments of 42·17 and Simpsons 47·48.

Mr. HEAPS: What would you say Simpsons and Eatons did to reduce their mark-up?

The WITNESS: When you ask what they did to reduce their mark-ups, they would have to come down to the small retailers if they did not get sweat-shop goods. The only way to maintain their mark-up was to take it out of the producer or take it out of labour.

By Mr. Factor:

Q. What would happen to the retailer if Eatons and Simpsons reduced their mark-up—suppose they have reduced their mark-up to the level of the retailer?—A. Eatons and Simpsons cannot reduce it with the top heavy mark-up they have.

Q. Suppose they had done that, what would have happened to the retailer?—A. If Eatons and Simpsons reduced their mark-up they would go bankrupt, but they cannot reduce their mark-up. There is only one thing Eatons and Simpsons can do to maintain that high mark-up and that is take it out of the producer, and that is what they did—in the evidence.

By Mr. Young:

Q. What do you want them to do? You say they are charging a larger margin than the independent retailer and if they lower it they will go broke. Is that what you want them to do?—A. No. We have no desire to put any-

body out of business. We want to get fair competitive conditions and we will put them out of business. They cannot operate if they have to compete with us—they cannot operate at the same price we do.

Q. Perhaps you have an edge on them already; perhaps they are going to go out of business.

Mr. SENN: It does not look like it.

The WITNESS: They will not go out of business as long as they are doing what we have heard.

By Mr. Young:

Q. In the last couple of days we have had evidence that the sweatshops in the Province of Quebec were selling quite a percentage to the stores?—

A. The only one in the whole lot was the boot and shoe company which was paying decent wages and selling to independents.

Q. 87 per cent to independents and 13 per cent— —A. There is this other thing about these sweatshops, when they sell to the independent retailer they sell at a little higher prices—they sell the independent retailer at a price which would enable them to pay decent wages.

Q. We have found that those who sold entirely to the independent retailer had a lot of bad debts?—A. I doubt that.

Mr. EDWARDS: Are we not getting a long way off the trail?

The WITNESS: The last time I was here with regard to drugs, I was prepared to put in a statement of normal losses by bad debts made by the largest credit insurance company in the world, and that statement tended to show that the average losses through bad debts were 1 per cent. 1 per cent is a high allowance to make for bad credit of the retailer.

Mr. YOUNG: That is over the whole world?

The WITNESS: No, United States and Canada.

Mr. YOUNG: I was speaking of the evidence we had yesterday.

The WITNESS: In ladies' wear the relative mark-ups for independents were 37.95 per cent in 1930 and 31.05 per cent in 1931; Eatons 39.96 per cent, Simpsons 43.73. Men's, women's and children's boots and shoes. Independents mark-up 1930, 42.06, 1933, 37.38; Eatons 40.31, Simpsons 41.71 for 1933. Furniture. Independents mark-up 1930, 47.18, 1933 43.41; Eatons 49.8, Simpsons 44.84 for 1933. Hardware, Independents mark-up. For 1930, 31.64; for 1931, 33.57; Eatons 48.96, Simpsons 46.1 in 1933. This discloses not only a high mark-up but it discloses another very interesting fact that the Independents' mark-up was lower in 1933 than in 1930.

On table 4-A we find the reverse condition. We find Simpsons and Eatons mark-up steadily increasing whereas the independents was going down.

SHOWING INCREASING MAINTAINED MARK-UPS BETWEEN 1931 AND 1934 FOR
EATON'S TORONTO STORES, EATON'S MAIL ORDER AND SIMPSON'S
CONSOLIDATED STORES.

(Taken from Statements I-1, J-1 for Eaton's, and No. 16 for Simpson's from the Auditors Reports)

	1931	1932	1933	1934
Eaton's Mail Order.....	38.1	38.2	43.0	43.5
Eaton's Toronto Stores.....	37.24	39.35	44.37	47.85
Simpsons Consolidated Stores.....	44.3	40.7	41.9	44.3

By Mr. Young:

Q. How do you account for that?—A. I account for that by the fact that these large stores are inefficiently managed. I mean their set-up was inefficient; they had a top heavy structure. Simpsons had a bond interest to take care of, and Eatons had too much real estate; and then Eatons had the Canadian Department Stores losing money; they had no option but to get a bigger mark-up to take care of that overhead. We were going through a period of depression; the independent sold at lower prices; he reduced his operating expenses and reduced his mark-up but these big stores had purchasing power sufficient to resist the ordinary pressure of deflation. They had to have a higher mark-up; they could not raise their prices because they would be beaten by the independent, and there was only one way to get it and that was by the higher mark-up, taking it out of the producer. That sweatshop business and the purchasing of stock at those prices is absolutely and completely related to table 4-A showing their increased mark-up, the way they got it.

Q. Did you compare the actual selling price of a given article in these big stores and in the ordinary retail store?—A. I do not think it can be done, Mr. Young.

Q. You cannot say whether the consumer gets better value for his dollar in the retail store than in the big store?—A. I think, taking it all round, he gets a little better value in the smaller store. It would be a very big job to undertake to prove that. The only thing you can do, and I think it proves it pretty conclusively, is to find out how much more does the independent pay for his goods than the big store; then you can get the relative mark-ups, and I think it will show that they are selling at the same price, or about the same price. We would like to think we are selling a little cheaper.

By Mr. Sommerville:

Q. I observe that the general store mark-up is extremely low, 18.50 per cent?—A. Yes. If I have time to-day I want to deal with that general store.

By the Chairman:

Q. Later, Mr. Sparks.—A. Yes, a little later.

The CHAIRMAN: All right, let us proceed.

By Mr. Young:

Q. You say that the independent reduced his operating expenses. At what points did he reduce them?—A. Well, he was able to reduce them at points where the big stores could not reduce them at all. First of all, he got reduced rents.

Q. He cut down his rent?—A. Yes, he cut down his rent.

Q. Wages?—A. He cut some wages, yes.

Q. Operating?—A. Yes.

Q. Help?—A. Yes, he reduced his help; he was more flexible; he had a small organization and could immediately adjust it to new conditions.

By Mr. Sommerville:

Q. Such as adjusting his deliveries?—A. Yes, in many small ways.

By Mr. Young:

Q. What about the retailer who owned his own building, he could not reduce his own rent?—A. He would be in a similar position to the big stores; he has real estate, but his real estate would not represent as much per square foot as the big stores. The big stores are very inefficient distributors. All economists recognize that the department store is inefficient; its operating costs have always been lower than the independent.

By Mr. Sommerville:

Q. Higher, you mean?—A. Yes, higher. Here is a very interesting item by Prof. Nystrom, one of the highest authorities in the world on marketing, and it was written in 1919. I will just read the first two lines:

The average cost of doing business in a department store seems to be considerably higher than the average of one-line establishments—

By Mr. Young:

Q. Do I understand that a man is better off not to own his own property in merchandising?—A. I would not offer an opinion on that, Mr. Young.

Q. You say the man who rents is in a better position than the man who owns?—A. No, in a period of this kind the man who owned his property was not in as good a position to reduce his rent as the man who has no real property.

By Mr. Heaps:

Q. Supposing business is on the uptrend?—A. I do not think, Mr. Heaps, it enters into this picture at all.

Q. It does, because if a person has real estate and owns property he is at the mercy of the tenant when conditions are bad, but the reverse condition would apply when conditions are good.

By Mr. Sommerville:

Q. Dealing with table 4-A?—A. I think perhaps we have gone over the essence of table 4-A.

Q. Now then, dealing with the next statement?—A. I think at this time that this matter of credit sales is of such importance that it should be put before the committee:—

CREDIT BUSINESS—CANADA

COMPARISON BETWEEN CREDIT BUSINESS DONE BY CHAIN STORES AND COUNTRY GENERAL STORES

The total estimated credit business done in Canada by all kinds of business combined is about 857 million dollars, of which the chains account for 105 million or 12·3 per cent, and the country general stores account for 80 million, or 9·3 per cent.

However, in comparing the total volume of sales of these two groups, we find that the chains have sales of slightly more than 560 million dollars, one-fifth of the total retail sales in Canada, while the country general stores have less than one-tenth of the total sales. That is, the country general stores having less than half the amount of sales of the chains, do about three-quarters as much credit business as the chains.

In comparing these two broad types of operation, it must be taken into consideration that almost half of the credit business done by chains is done in a few lines in which instalment buying is the chief factor and which lines would form a very small proportion of the sales of the country general stores. These lines consist of furniture, household appliances, radios, lumber and building material, automobiles and office and school furniture.

Putting this in another way, proportion of business of the chains to net sales is 18·74 per cent, while the proportion of the country general stores is 35·19 per cent.

CREDIT BUSINESS—CANADA

INDEPENDENTS, CHAINS AND DEPARTMENT STORES

D.B.S. 1930

	Total Sales	Total Estimated Credit Business	Proportion of Credit Business
	\$ cts.	\$ cts.	
Independents.....	1,896,754,300.00	692,884,346.00	36.53
Chains.....	553,078,000.00	105,521,117.00	18.74
*Department Stores.....	293,487,600.00	58,697,520.00	20.00
All Stores, Combined.....	2,753,319,900.00	857,102,983.00	31.13
†Mail Order Houses.....	65,000,000.00		

*No Credit figures are available for the single unit department stores, through a preliminary survey made at the Bureau, it was estimated that the proportion of credit business done was only about 20 per cent. The proportion of credit business done by department stores in the U.S.A. is somewhere between 40 and 50 per cent, so that this Canadian figure is somewhat low.

†The Mail Order business is estimated at 65 million and is included in the Department Store total sales. Of this 65 million, almost 55 million was done by Eaton's and Simpson's. Mail Order houses issue no credit, but rather the reverse is true, as people pay cash with the order.

With regard to the chain and department store figures, their credit consists chiefly of instalment plan sales on heavy goods, such as furniture, radios, office equipment, etc. Instalment sales are also included in the independent figures, but they do not form nearly as large a proportion of the total as do the chains and department stores.

MORTGAGE INDEBTEDNESS OF FARMS IN CANADA—1931.

Total Amount of Farm Mortgage debt (includes mortgage debt on owned part of farm only).....	\$ 671,776,500.00
Amount of Mortgage debt on fully owned farms.....	566,016,900.00
Dominion's Loans to Soldier Settlers on the land, reach a total of.....	168,000,000.00
Amount of Farm Mortgages held by Insurance Companies in Canada.....	77,200,000.00
(See Minutes of Proceedings and Evidence, Select Standing Committee on Banking & Commerce, Session of 1932-1933).	

LOANS TO AGRICULTURISTS, SHOWN AS ACTIVE ASSETS OF THE
DOMINION, MARCH 31, 1934.

(Figures from Budget Speech)

Canadian Farm Loan Board.....	\$ 8,503,000.00
Soldier and General Land Settlement.....	45,202,000.00
Seed Grain and Relief Advances.....	2,393,000.00
Total.....	\$ 56,298,000.00

CREDIT SALES—NEW BRUNSWICK

COUNTRY GENERAL STORES

D.B.S. 1930

	Stores	Sales
Total Stores.....	706	12,236,000.00
Total Stores Reporting.....	362	7,050,000.00
Total Stores Reporting cash sales only.....	34	455,000.00
Amount of Credit business done by Stores reporting.....		3,139,150.00
Proportion of Credit Business to Net Sales of Stores reporting.....		44.67%
Total estimated Credit Business.....		5,465,821.00

For comparative purposes, the following figures are submitted, showing the amounts of advances through other forms of rural credit agencies:—

Farm Settlement Board (par value of bonds issued).....	370,000.00
British Family Settlement Fund (par value of bonds issued).....	785,000 00
Canadian Farm Land Board (par value Shares Capital Stock).....	29,690.00
	<hr/>
	\$ 1,184,690.00

The WITNESS: The whole credit question has been of very great importance in the last two years, particularly this year where we have had the Bank Act revised and a lot of discussions on credit, and I have tried to draw certain conclusions from this credit situation which I suggest are very vital to this inquiry. The first statement is simply a general statement. As I say, the total estimated credit business done in Canada by all kinds of business combined is about \$857,000,000.

By Mr. Sommerville:

Q. \$857,000,000 worth of credit given by retail merchants?—A. Yes.

Q. To their customers?—A. Yes.

Q. In Canada?—A. Yes.

Q. For the year 1930?—A. That is right.

By Mr. Heaps:

Q. Is that the independent stores?—A. No, the independents gave \$692,000,000; the chains gave \$105,000,000, but I want to qualify that in a moment, if I may. The department stores gave \$58,000,000. The mail order houses, of course, give no credit. The country general stores gave about \$80,000,000 of credit, and that is a particular item I would like to deal with.

Just as a matter of interest and to demonstrate the importance of this credit business, I made a note here of the amount of farm mortgage debt in Canada, which amounts to \$671,000,000 odd, so that the credit given by independent retailers is about \$200,000,000 more than the total farm mortgage debt of Canada.

By Mr. Factor:

Q. Not by independent retailers?—A. No, by all retailers.

By Mr. Sommerville:

Q. The total amount of credit given by independents is \$692,000,000?—A. Yes.

Q. And the total amount of farm mortgage debt is \$671,000,000?—A. Yes.

Q. And then the total amount of credit by all stores, independent, chains, etc., is \$857,000,000?—A. Yes.

Q. And that is, you say, \$200,000,000 more than the total amount of the farm mortgage debt of Canada?—A. Yes. There is a rather interesting thing in connection with the mail order. It is unimportant but it is interesting that is, the situation is reversed with the mail order. They get cash in advance and, of course, they always have in their hands a very large amount of money. It may not be very much, it may be about a million at a time, but it reverses the condition.

By Mr. Young:

Q. How long do they have that money in their possession?—A. I do not know, Mr. Young.

Q. That is, from the time they receive an order up till the time they ship it?—A. Yes.

By Mr. Kennedy (Winnipeg):

Q. That would be fairly prompt?—A. In the case of some things, yes. In the case of furniture perhaps they hold it for a week.

The next table is dealing with country general stores.

F—9

CREDIT BUSINESS—CANADA BY PROVINCES

COUNTRY GENERAL STORES

D. B. S. 1930

	Number of Stores	Net Sales		Estimated Credit Business		Per \$100. Sales
		\$	cts.	\$	cts.	%
British Columbia.....	814	17,654,000.00		9,054,737.00		51.29
Alberta.....	1,200	28,757,000.00		9,800,386.00		34.08
Saskatchewan.....	1,641	37,710,000.00		10,800,144.00		28.64
Manitoba.....	851	15,531,000.00		4,763,358.00		30.67
Ontario.....	2,662	48,066,000.00		14,948,526.00		31.10
Quebec.....	2,973	49,614,000.00		18,932,702.00		38.16
New Brunswick.....	706	12,236,000.00		5,465,821.00		44.67
*Nova Scotia.....	862	14,513,500.00		5,107,301.00		35.19
*P. E. I.....	168	3,253,200.00		1,144,801.00		35.19
Canada.....	11,877	227,334,700.00		80,017,776.00		35.19

*As no credit analysis was made in Nova Scotia and P. E. I., the credit business was calculated at the same percentage as the average for the rest of the provinces.

The WITNESS: The important figure is the final figure in the fourth column.

By Mr. Sommerville:

Q. What statement is that?—A. This is a summary.

Q. A summary showing what?—A. The country general stores credit.

Q. No. 6 is a statement of the credit of the country general stores?—A. Yes, sir.

Q. By provinces?—A. Yes, sir.

Q. Showing how 11,872 country general stores provide credit of \$80,000,000 for their customers?—A. Yes, sir.

Q. That is the equivalent of \$35 per \$100 of sales?—A. Yes, sir.

By Mr. Young:

Q. Have you a record of what percentage of that is lost?—A. No.

By Mr. Boulanger:

Q. What is the source of the figures?—A. The Dominion Bureau of Statistics. I have taken each province.

By the Chairman:

Q. Before you leave that, Mr. Sparks, do I understand that your purpose in bringing this forward is to show that the independent retailer, and particularly the country general store in his own particular sphere of activity renders a real service to the public by the amount of credit extended thus carrying over persons who may be temporarily embarrassed in a simple way of credit which costs them really nothing?—A. Costs them nothing; there is no collateral; it is a form of credit which nobody else supplies. If I might read just one or two sentences

from the report of the Royal Commission on Banking and Currency headed by Lord Macmillan, because I think this is basic. They say at page 70, dealing with agricultural credit:—

... it now remains to consider the adequacy of the facilities for short or intermediate credit.

and then it gives a list of the various organizations through which efforts have been made to provide short term credit:—

In the first place, the fact that the provincial governments decided to engage in these experiments may well be taken as indicating the necessity of agricultural credit at lower rates of interest than prudent banking practice might seem to warrant, particularly in certain areas where agricultural production is attended by certain hazards or requires loans of a length which militates against the affording of credit by commercial banks.

And then follows an estimate made by the Dominion Bureau of Statistics in the memorandum filed on behalf of the United Farmers of Ontario, and the following is an extract from the evidence submitted on behalf of the United Farmers of Ontario as to the problem of short term credit in Ontario:—

Generally speaking, within the last two years the banks have ceased to function in regard to Canadian agriculture. Agriculture is taken to be an activity, or an industry that is not worthy of credit, and from the banking point of view I am not blaming them.

By Mr. Heaps:

Q. When was that, Mr. Sparks?—A. That is the Macmillan report.

Q. Well, it would not become comparable with 1930?—A. I think it would be more satisfactory from our standpoint in 1930.

Q. Do you think the country stores gave credit in 1933?—A. Oh yes. What I am trying to do, Mr. Heaps, is to show that the Macmillan Commission found that there was not adequate arrangement for rural credit and I am going to show that there was a great organization functioning, supplying rural credit to a greater extent than any other single agency, supplying it without interest or at a low rate, and supplying it without collateral, and it was performing that function which no other organization was performing, and it was gradually being destroyed by the mail order houses. And I think it is a very important thing at this time when rural credit and farm credit is a great national problem that we should not lose sight of the fact that we have here an institution supplying \$80,000,000 of credit to farmers without collateral. That is why I am reading from the Macmillan Commission report; that is what I am drawing from this report.

By Mr. Sommerville:

Q. In the consideration of the whole subject that factor ought not be lost sight of.—A. Not only must it not be lost sight of but it is of paramount importance.

By Mr. Young:

Q. Does the fact that these retailers give credit affect their mark-up in any way?—A. Yes, I should say it would, Mr. Young. I have tried to work some way to give an answer to just such a question as you have asked but I could get no satisfactory answer in my own mind; but if I may express this opinion: They grant this credit at less than it costs them; I do not think they make a profit out of doing a credit business, and I think it would be much more

profitable for them to do a much smaller business for cash. In other words, we are not able to determine what they charge for that credit but we can, I think, safely say that they grant this credit at less than it cost them; it is not a profitable transaction to them.

By Mr. Factor:

Q. Does the customer that buys for cash in any way contribute?—A. I think he must.

By Mr. Edwards:

Q. Is it possible for a country merchant in retailing his merchandise to have two prices, a cash price and a credit price?—A. Mr. Edwards, I do not intend to convey that at all.

Q. I think that is the point of Mr. Factor's question.

The WITNESS: Mr. Edwards, I do not intend that at all.

Mr. EDWARDS: I think that is the point.

Mr. FACTOR: That is not what he said.

Mr. EDWARDS: How can it possibly affect his mark-up? As I say, it is exactly the same, because he does not know to whom he is going to sell for cash or credit.

The WITNESS: He really gets credit from someone else.

Mr. SOMMERVILLE: In arriving at this mark-up, he has to keep in mind what losses he has sustained through bad debts, and the whole scope of his mark-up is influenced to some extent, and your point is he has not included enough in his mark-up to cover the whole cost?

The WITNESS: I think that is true.

Mr. SOMMERVILLE: That is the thought you have been expressing in answer to this inquiry?

The WITNESS: That is the idea I am trying to express, yes.

By Mr. Young:

Q. In cases where these rural merchants have failed, is it not generally due to this fact, that they have too much credit on their books?—A. I think perhaps it is.

Q. In the majority of cases?—A. Yes.

By Mr. Sommerville:

Q. In comparison with volume.—A. That does not disturb the general picture that he performed this service. He did loan advances by way of goods, which is the same as money.

Q. We are not denying that.—A. He may have lost money by it. I think he did lose. I think he performed this wonderful service particularly in this depression. It is a great tribute to him. That is one reason why this committee should see he is taken care of.

The CHAIRMAN: He is still doing it.

The WITNESS: He is still doing it.

By Mr. Sommerville:

Q. I suppose to the extent to which he grants credit, affects the question of relief?—A. I am dealing if I get the opportunity, briefly with the grocery business, and it applies in this case too.

Q. Dealing with the amount of rural credit, you have set it out and divided it up by provinces?—A. Yes.

Q. I observe in each province you have indicated some comparative figure of the credit that is granted?—A. Yes.

Q. For instance, in the province of New Brunswick a total amount of credit business given by the country store is \$5,465,000?—A. Yes.

Q. Then, the total amount of credit of the farm settlement board and British family Settlement Board, and Canadian Farm Board, amounts to \$1,184,000?—A. Yes.

Q. In other words, other credit agencies have extended credit to the customers of farmers to the extent of \$1,184,000 as against \$5,465,000?—A. That is right.

Q. That is just by way of comparison of value of this agency to the service of the community?—A. Yes.

By Mr. Senn:

Q. I suppose most of the credit of the department store is on the deferred payment plan basis?—A. Yes, sir.

Q. There is no such thing as the deferred payment plan in the general country store?—A. No, sir. With a deferred payment plan, they have security, they can repossess the article.

Q. That is what I am coming to. Have you any idea as to what proportion of the articles bought under those plans is repossessed?—A. No, we did not go into the question of repossessing. We were not concerned particularly about credit by the instalment plan; it is a very big problem.

Q. In other words, there is very little chance of a loss under the deferred payment plan?—A. They can repossess the article.

Q. What about the chain stores, have they any deferred plan?—A. No; there are some chains—there are two types of chains which we are opposed to, the drug chain and the grocery chain. We have no quarrel with the type of chain that does operate on the deferred plan. If a manufacturer wishes to open up any retail outlet, he is perfectly at liberty to do it. The only type of chain we object to is the grocery chain and the drug chain that we will deal with later.

Q. Are they the type of chain stores that do extend the most credit?—A. No, they give no credit at all. I have the figures here of their credit.

Q. I should like to have them?—A. I have them here.

Q. They are the concerns that are competing with the general stores in the country villages?—A. I have them here.

By Mr. Sommerville:

Q. Go ahead?—A. I do not know if the committee wants to take time to look at each province separately or not. Perhaps it might, if we can go over them briefly. In Quebec, the country general store gives credit to the extent of \$18,000,000 roughly, and the Caisse Populaire which is the only similar organization I could find—it is a great organization—grants credit to the extent of \$8,000,000 odd. In Ontario, the country general merchant is not so common because of the closeness of the cities, but he gives credit to the extent of the cities, but he gives credit to the extent of nearly \$15,000,000; whereas the only comparable thing and the most important would be the Agricultural Development Board, which gives credit to the extent of \$51,000,000, which is much greater. But when we come to the western provinces, there is very little difference. In Manitoba, the country general merchant gives credit estimated at \$4,700,000; and I have set out here a number of the credit agencies that we could find in Manitoba and the amounts which they have advanced. You will note their total. A dozen rural credit agencies advance credit to the extent of something over \$12,000,000, whereas the country general store was nearly \$5,000,000. In Saskatchewan the country general stores gave credit to the

extent of more than \$10,000,000, and the regular agencies for rural credits advanced \$17,000,000. In Saskatchewan, the Wheat Pool, which is a great organization, only advanced \$13,000,000, somewhat more than the country general store, so that the country general store was certainly comparable to the services performed by the Wheat Pool.

By Mr. Heaps:

Q. How did you arrive at the basis of credits advanced by the country store? I may have an account with the country store myself. Is it based on the total number of purchases I buy or is it on a credit basis?—A. Oh, I do not know. The Bureau of Statistics made a very exhaustive investigation into the subject, and each store was asked to supply a return showing their total sales, and their sales on credit during that year; so this represents the total sales made by country general stores during that year.

Mr. SENN: On credit?

The WITNESS: On credit.

The CHAIRMAN: I think that information was distributed earlier in the inquiry.

By Mr. Kennedy (Peace River):

Q. In regard to the Saskatchewan Wheat Pool, I think there is something wrong with that figure of \$13,000,000, is there not?—A. These figures were prepared by the Bureau of Statistics, and given to me by Professor Cudmore.

Q. I do not think the Pool are in the loaning business?—A. These are advances on wheat, sir.

Mr. YOUNG: Is it the total or the initial payment for the wheat?

The CHAIRMAN: No.

The WITNESS: No; these are advances. Professor Cudmore got me these figures.

Mr. YOUNG: Advances made by the bank to pool; is that what you mean?

Mr. SOMMERVILLE: Advances by the pool on the farmers' wheat.

Mr. KENNEDY (*Peace River*): Government guarantees?

Mr. YOUNG: The initial payments would be more than that.

Mr. SOMMERVILLE: They are only used as a comparative figure.

Mr. YOUNG: It does not indicate anything, because the pool is not in the loaning business.

The CHAIRMAN: Unless we know what is represented, we are not justified in saying that it does not represent anything. Mr. Sparks got figures from the Bureau, and he cannot explain just what they cover.

Mr. KENNEDY (*Peace River*): The same thing applies to the Alberta figure.

The CHAIRMAN: If it is important, we can find out what it means; I do not think it is important.

By Mr. Sommerville:

Q. Do you think it was the amount guaranteed by the government on the advances by the Alberta Wheat pool as against the country general store in Alberta with a credit of \$9,800,000?—A. You notice in Alberta, the country general stores advances were greater than the Wheat Pool and all others put together.

The CHAIRMAN: Proceed.

The WITNESS: The next deals with the credit business; while it deals with the chain stores, it affects the country general stores, because they sell a lot of groceries. I thought it would be interesting to have that put in.

The CHAIRMAN: What table?

The WITNESS: Table No. 8.

G-7

CREDIT BUSINESS—CANADA

COMPARISON BETWEEN CHAINS AND INDEPENDENTS

Grocery Stores and Combination (Grocery and Meat) Stores Combined

D. B. S. 1930

(Sales Expressed in Thousands of Dollars)

TABLE A.—GROCERY STORES

—	Net Sales (000)	Per cent of Sales	Estimated Credit Sales (000)	Per cent of Credit Sales Per \$100. Sales	Per cent of Credit Sales to Total Credit Sales
	\$	%	\$	%	%
Independents.....	174,160	71.47	61,478	35.3	98.1
Chains.....	69,539	28.53	1,182	1.70	1.9
Total.....	243,699	100.00	62,660	25.71	100.0

TABLE B.—COMBINATION (GROCERY AND MEAT) STORES

Independents.....	107,996	66.79	42,487	39.35	97.9
Chains.....	53,708	33.21	902	1.68	2.1
Total.....	165,704	100.00	43,389	26.24	100.00

TABLE C.—GROCERY AND COMBINATION (GROCERY AND MEAT) STORES COMBINED

Independents.....	282,157	69.59	103,890	36.82	98.04
Chains.....	123,247	30.41	2,084	1.69	1.96
Total.....	405,404	100.00	105,974	26.14	100.00

I do not think we can over-estimate the importance of the distribution of food-stuffs; it represents about 40 per cent of the cost of living, and the conditions under which foodstuffs are distributed are of exceedingly great importance. The chief bearing to the question of credit in regard to foodstuffs is this: that during those depressed times, there were many very respectable, reputable working people, who were out of work and who, had the independent store been operating, would have been able to get credit perhaps to carry them through the winter. The chain stores of course, gave no credit, and they went immediately on relief. Now, I do not make that statement off my own bat; I make it after discussing it with the most competent social workers who have been very close to this relief problem. Their statement to me is that one of the principal reasons—the principal, I put it—why relief was so expensive, was that the independent grocer, who had rendered credit, was being displaced by the chains, and that therefore they had to pay cash or go on relief. In many communities, many localities, there was nobody left who would grant credit as the old independent grocer did, nothing but chains, and as a consequence, they went on relief, rather than use their credit, which was ordinarily given to carry them over, \$40, 50, or \$100 worth of food, and that has been an important factor in increasing the amount payable for relief.

By Mr. Young:

Q. What would have happened to the retailer if he had been giving credit through the depression, he would not be there now?—A. Yes, he would. There are a great many men, a great many families on relief temporarily; they are out of a job temporarily. They may get a job in a month or two. They would have gone into the grocery store and the grocer would have carried them, knowing he was a reputable man, and when he got a job, he would have paid them back.

Q. You are speaking of normal times. We have had a depression lasting for years?—A. Yes.

Mr. SOMMERVILLE: I was born during a depression when everybody was carrying the merchant.

Mr. SENN: A good many independent stores that are extending credit today are still operating in Ontario.

The CHAIRMAN: Will you present your figures and we will not speculate to what extent the grocer may have carried the relief man. Let us have the figures.

The WITNESS: Table No. 8 shows a comparison of the percentage of credit sales to total sales in the last column, showing that the—

Mr. YOUNG: Do you mean 98·1 per cent of the total sales are credit sales?

The WITNESS: No, the other figure, 35·3 per cent, are credit sales.

By Mr. Factor:

Q. What is the 98·1?—A. The 98·1 is the percentage of credit sales to total credit sales of all foodstuffs sold. Of all foodstuffs sold on credit, 98·1 of the credit is independent, and 1·9 chains. That is for grocery stores, which appears in the second table, and they are combined in the third table, showing independents and chains. The third table has to do with groceries and meats. The independents sell 36·82 per cent of their total sales on credit; the chains sell 1·69, and of the total meat and groceries sold in Canada on credit, 98·04 of the credit is supplied by the independents and 1·96 by the chains.

Q. I was always under the impression that the objective of those independent retailers was to sell for cash; that is something they always looked forward to, instead of credit.—A. Mr. Factor, I have given you the figures.

Q. The retailers themselves are not so anxious to sell on credit; it is the conditions that have forced them to sell on credit?—A. No, I think it was a general business practice.

Mr. EDWARDS: It has always obtained.

Mr. SOMMERVILLE: It is more usual in the country than in some of the cities.

Mr. SENN: It is a common practice.

Mr. YOUNG: How long do the accounts run; how often are they settled up?

The WITNESS: I do not think I can answer that.

The CHAIRMAN: The general practice is a monthly settlement, and in hard times, the accounts of men who are on seasonable work, the proprietor of a store in a small town or village would carry them for three, four or five months.

Mr. KENNEDY (*Peace River*): In Alberta, 12 to 24 months.

The CHAIRMAN: They are very often carried along indefinitely, with partial payments from time to time.

The WITNESS: Table No. 9 is just a summary of the credit business by independent stores in the grocery and food business, showing the independents gave credit to the extent of \$103,890,060, which represented 36·82 of their total business.

Mr. FACTOR: Are there no later figures than 1930 available?
 The WITNESS: No sir; this was the only time it was ever done.

CREDIT BUSINESS IN CANADA

GROCERY AND COMBINATION (GROCERY AND MEAT) STORES COMBINED—INDEPENDENTS

D. B. S. 1930

BY PROVINCES

—	Number of Stores	Net Sales		Estimated Credit Business		Per \$100 of Sales
		\$	cts.	\$	cts.	%
British Columbia.....	1,315	19,423,000	00	8,522,812	00	43.88
†Alberta.....	807	12,475,000	00	4,474,288	00	35.85
†Saskatchewan.....	728	10,022,000	00	3,123,857	00	31.17
Manitoba.....	1,216	13,540,000	00	5,120,828	00	37.82
Ontario.....	6,717	104,141,000	00	36,324,276	00	34.88
Quebec.....	7,222	95,045,000	00	32,343,814	00	34.03
New Brunswick.....	1,184	10,736,000	00	3,762,968	00	35.05
*Nova Scotia.....	1,823	15,310,423	00	5,637,298	00	36.82
*Prince Edward Island.....	222	1,464,177	00	539,110	00	36.82
All Canada.....	21,235	282,156,600	00	103,890,060	00	36.82

* As no credit analysis was made for Nova Scotia and Prince Edward Island, the credit business was estimated at the average percentage for the whole of Canada.

† As the sales for Alberta and Saskatchewan were not given, they had to be estimated from the average sales per store for these two provinces. The same for Prince Edward Island.

CREDIT BUSINESS—CANADA

DRUG STORES

Comparison between Independents and Chain Stores

D. B. S. 1930

—	Net Sales	Per cent of Total Sales	Estimated Credit Sales	Per cent of Credit Per \$100 Sales	Per cent of Credit Sales of Total Credit Sales
Independents.....	62,575	81.43	4,399	7.03	9.18
Chains.....	14,274	18.57	390	2.73	8.2
Total.....	76,849	100.00	4,789	6.23	100.00

CREDIT BUSINESS OF INDEPENDENT DRUG STORES CANADA—1930

—	Stores	Sales	
		\$	cts.
Total Stores.....	3,270	62,575,300	00
Total Stores Reporting.....	2,591	50,555,000	00
Total Stores Reporting Cash—Sales Only.....	1,081	21,551,000	00
Credit Business of Stores Reporting.....		3,554,200	00
Proportion of Credit Business to Net Sales of Stores Reporting.....		7.03	
Total Estimated Amount of Credit Business.....		4,399,044	00

Now, table No. 10, while it is not important at this time, has some figures in regard to the drug stores. I would be glad to go into the record, because the drugs and grocery chains are those which we are mainly concerned about.

By the Chairman:

Q. Are they included in this?—A. They are on table No. 10.

By Mr. Sommerville:

Q. And that also deals with the question of credit?—A. Yes, in the drug stores. Now, table No. 11. If there had been enough people contributed to our fund, we would have done a good deal of field work in regard to the effect on the community of department store, mail order and chain store merchandising. I hope we will be able, before this committee adjourns, to give some further facts. We have some, but they did not seem to me to be adequate; but I thought this statement on Winnipeg was one in which the committee would be interested, Winnipeg is known throughout Canada as a two-store town. The retail business of Winnipeg has been concentrated in the hands of two large distributors.

Mr. EDWARDS: It has been called a one-horse town.

The CHAIRMAN: Order. You will get unpopular with those cracks.

By Mr. Sommerville:

Q. Two fine stores?—A. Yes, they are two fine stores. It depends on what you call fine stores. I would not think, from yesterday's evidence and the day before's, that they were fine stores at all. However, that is a matter of opinion. This is the picture in which I see the destruction of the independent retailer. Whether he should go or whether he should not go, the fact is he is going. We can argue later as to whether he is performing a useful service or not. We think he is the best distributor there is, and this is what has happened to him in Winnipeg. It is not quite the whole story, because I think Eatons established in 1909.

We took Dun & Bradstreet's book and we took a selected number of lines of business; we got the number of retailers who were operating in 1914, and the ratings which Dun & Bradstreet gave them as to their estimated pecuniary strength of net worth.

Q. In 1914?—A. In 1914. And then we took the same businesses in 1934, to find out how many were left and what Dun & Bradstreet considered them to be worth then.

RETAIL TRADE IN WINNIPEG—II

COMPARISON BY NUMBER OF STORES AND ESTIMATED PECUNIARY STRENGTH BETWEEN 1914 AND 1934 BY KINDS OF BUSINESS

Based on Dun and Bradstreet Ratings

Population: 1914—170,000
1934—217,587

TABLE No. II

Kind of Business	Number of Stores		Total Estimated Pecuniary Strength	
	1914	1934	1914	1934
			\$	\$
Boots and Shoes.....	40	20	562,500	135,500
Men's Clothing and Furnishings.....	91	49	960,000	378,500
Department and General Stores.....	39	8	1,174,000	28,500
Dry Goods and Women's Wear.....	51	34	202,000	177,500
Furniture.....	19	13	570,500	5,500
Hardware.....	36	24	269,500	146,500
Stationers.....	14	9	136,000	50,500
	290	157	3,874,500	922,500

Decrease in Net worth—\$2,952,000 or 76.2%.

Q. I think we had evidence to the effect that Eatons went in in 1905?—A. Yes.

Q. And of course, the Hudson Bay Company was there before?—A. Yes.

Q. So that both of them were in operation for nine years?—A. Yes. There would be a great many retailers driven out in those nine years; but this is taking the last twenty years. It is interesting to see what has happened to the independent retailers.

Q. Boots and shoes?—A. In boots and shoes there were 40 in 1914 and there are 20 now. In 1914 they were rated by Dun's at \$562,500. Now the 20 are rated at \$135,500. In men's clothing and furnishings, there were 91 in 1914 and there are now 49. These were rated at \$960,000 in 1914 and are now rated at \$378,500. Department stores and general stores, in 1914, there were 39 and now there are 8.

Q. What do you mean by department and general stores? Does that include Eatons and Simpsons?—A. Oh, no.

Q. These are general stores?—A. General stores.

Q. That have departments in them?—A. Robinsons would be the big one, I presume.

Mr. HEAPS: What year was that?

The WITNESS: Jerry Robinson would have been the big one. In 1914, there were 39, and to-day there are 8 left. Their rating in 1914 was \$1,174,000. It is now \$28,500.

By Mr. Heaps:

Q. Now his rating is \$28,500?—A. The general stores; the 8 general stores in Winnipeg are rated at \$28,500.

Q. But Jerry Robinson has been out of business for years. A.—Yes. That is a big shrinkage.

Mr. SOMMERVILLE: This is not his rating. This is the 8 that are left, out of the 39.

The WITNESS: He was there in 1914, and the rating was well over \$1,000,000.

Mr. HEAPS: I worked there for a number of years.

By the Chairman:

Q. Dry goods?—A. In dry goods there were 51 in 1914 and now there are 34. Their rating was \$202,000 in 1914 and in 1934 it was \$117,500. I put that in because it is interesting. It is not a large shrinkage, because the independent women's wear seem to be holding their own even against the department stores. Furniture is really the interesting picture. There were 19 in 1914. There are only 13 left now, and they are mostly second-hand furniture dealers. In 1914 the furniture retailers were rated at \$570,500. Now the 13 left have a total rating of \$5,500. In other words, there are no furniture retailers in Winnipeg except Eatons and the Hudson Bay Company.

Mr. FACTOR: We had that evidence before.

The WITNESS: In hardware, there were 36 in 1914 and there are 24 now. The rating in 1914 was \$269,000, which has fallen in 1934 to \$146,500. Of stationers, there were 14 in 1914 and there are 9 in 1934. Their rating was \$136,000 in 1914 as against \$50,500 in 1934.

By Mr. Young:

Q. Do you attribute all these changes to the presence of the two big stores?—A. Yes.

Q. No other forces at work?—A. No. I might point out that the population has increased from 170,000, in that time, to 217,000. I think that a normal condition would be an increase in these ratings.

Q. Has there not been a change in the ordinary retail store itself? Does it not get along now with smaller capital than it did some years ago?—A. I think not.

Q. You think not?—A. No.

By Mr. Kennedy (Winnipeg):

Q. That would not account for the disappearance of the stores?—A. No.

By Mr. Sommerville:

Q. The next is Table 11-A?—A. Yes.

Q. The number of stores with \$20,000 rating or higher?—A. Yes.

TABLE NO. IIA.—NUMBER OF STORES WITH \$20,000 RATING OR HIGHER

Kind of Business	Number of Stores		Total Estimated Pecuniary Strength	
	1914	1934	1914	1934
			\$	\$
Boots and Shoes.....	11	3	530,000	90,000
Men's Clothing.....	19	4	855,000	345,000
Departmental and General Stores.....	7	1	1,105,000	20,000
Dry Goods.....	6	5	120,000	115,000
Furniture.....	7	0	345,000	0
Hardware.....	8	3	135,000	115,000
Stationers.....	3	1	105,000	35,000
	61	17	3,195,000	720,000

Q. You have taken them out of 290?—A. Yes.

Q. The stores that were rated there in 1914?—A. Yes.

Q. And you say—A. In 1914 those stores that rated better than \$20,000 represented ratings of \$3,195,000; whereas to-day they represent ratings of only \$720,000.

By Mr. Young:

Q. Unless some of them have gone out of business in the last four years? —A. No, I just took that period.

Q. You see, a lot of concerns have failed in the last few years. In fact, some of these big stores are not very far from that point?—A. Well, to offset that we didn't take the early mortality owing to Eatons coming there. We didn't take the early mortality.

Q. The depression has made an awful difference to men in business and everything else?—A. Well, in our opinion the retail business and retail real estate values have been destroyed in the city of Winnipeg by the T. Eaton Company and the Hudson Bay Company.

Q. The depression would not have been felt there had it not been for these two stores?—A. I beg your pardon?

Q. I say do you mean that there would have been no depression in Winnipeg if it had not been for these two stores?—A. Oh, yes, there would have been a depression.

The CHAIRMAN: Mr. Young is a little playful.

The WITNESS: The only other thing I would like to refer to very briefly is table No. 19. I had the privilege of appearing before this committee in regard to the question of price maintenance, and dealing primarily in regard to the drug store business. At that time I think I pretty well established that the method of the chain stores—the loss leader idea,—was that the chain stores sold

standard goods at very low prices in order to attract customers to the store. They then sold their private brands at exorbitant profits. That was, I think, pretty well established by these statements taken from the actual figures of the largest chain stores in Canada.

Mr. YOUNG: It has not been very well established by the auditor's report.

The WITNESS: Then I will put this in. This is from the auditor's report. This is the T. Eaton Drug Department.

No. 19

T. EATON DRUG DEPARTMENT D. 10

ANALYSIS OF EXAMPLES OF MARK-UPS AS GIVEN BY AUDITORS

STANDARD BRANDS

	Total Cost	Gross Profit	Average Mark-Up Percentage of Cost
			%
Drugs.....	\$28.36	\$11.99	42.31
Patent Medicines.....	29.20	9.02	30.89

PRIVATE BRANDS

Eatons Factory.....	\$10.92	\$ 5.10	46.74
Eatons Store.....	17.85	10.94	61.28
Spread from Factory Cost to Retail Selling Price, less sales tax.....		14.21	130.19

These figures are based on the Regular Selling Prices. The Mark-up at Special Sale Prices of Private Brands as shown would be somewhat lower, but would still be much higher than the Standard Brands.

The WITNESS: It shows that on standard brand goods—and we have taken all of the three tables put in by the auditors on the drugs—on a total cost of \$28.36, they made a gross profit of \$11.99 or a mark-up of 42.31 per cent. On patent medicines on a cost of \$29.20, they made a gross profit of \$9.02, or an average mark-up of 30.89 per cent. Then we took their private brands which were shown by the auditors. We weighted them, as a matter of fact; we got it accurately. It was not just an average mark-up. Eaton's factory, in selling to Eaton's store, on a total cost of \$10.92, made a profit of \$5.10, or an average mark-up of 46.74 per cent.

By Mr. Sommerville:

Q. That is the factory mark-up?—A. That is the factory to the store. Then the store's cost of \$17.85 carried a gross profit of \$10.94, or an average mark-up of 61.28 per cent. In other words, the spread from the factory cost to the retail selling price was \$14.21 or a mark-up of 130.19 per cent.

Q. That was on private brands?—A. Yes.

Q. In drugs?—A. Yes.

Q. Of the T. Eaton Company?—A. Yes.

By Mr. Young:

Q. Was this all through all the private brands or just an isolated case?—A. No, this was all the private brands that the auditors show. I should say there were 25 or 30.

By Mr. Factor:

Q. These were samples?—A. Yes, whatever the auditors gave you, I presume they would be fair specimens.

By Mr. Young:

Q. What did they give, representative samples of all the deals or only representative samples of certain transactions of certain kinds of deals?—

A. Not deals. They took specific articles.

By the Chairman:

Q. There were two or three pages?—A. There were three full pages of specimen mark-ups.

Q. Including Mr. Heaps' Eno's Fruit Salts?—A. Various lines of patent medicines and proprietary articles, toilet articles, showing ones they purchased from outside manufacturers, advertised brands, which they sold at very low prices. It showed that they sold the goods which they themselves manufactured at a tremendous profit. I mean, that is our submission, of course, on the whole loss leader business.

By Mr. Young:

Q. What I want to get at is this: When the auditors did this, did they go through the books to find examples of that practice, or did they go through the books to find examples of the general practice of the department?—A. They were just getting the general practice of the department.

Mr. SOMMERVILLE: What the auditor said was that they took examples.

The CHAIRMAN: Representative ones.

Mr. SOMMERVILLE: Representative examples over a great range.

Mr. YOUNG: Representative examples of what? Let us get that.

Mr. SOMMERVILLE: Of the proprietary, nationally advertised articles, firstly; and secondly, of ordinary drugs sold in the department; and thirdly, of drugs that were manufactured in the factory of the company itself. These covered three or four pages of examples for the store and the mail order department, both at Toronto and other centres.

Mr. YOUNG: It was not examples of cases where the buyer does a certain thing?

Mr. SOMMERVILLE: They took exact cases, certainly. They took examples of a certain sale by the factory to the store; cases to the manufacturer by the factory; what the mark-up was and what they sold to the store at. They followed it through.

The CHAIRMAN: If you will just turn to pages 3218, 3219, 3220, 3221 and 3222, you will find it yourself, Mr. Young. There are about six pages there with that.

By Mr. Heaps:

Q. I would like to ask, Mr. Sparks, if you have any evidence or any proof of the price spreads as regards the other drugs not sold by the T. Eaton Company, manufactured by other people in the Dominion of Canada? Have you anything to show what the spread is in drugs, these nationally advertised articles, from the manufacturer here in Canada right to the purchaser?—A. I think in the case we put in on price maintenance, we put in a lot of that sort of thing.

Q. We had it from the wholesaler, but we hadn't it from the manufacturer to the purchaser?—A. Yes, I think we had from the manufacturer to the consumer, Mr. Heaps.

By Mr. Edwards:

Q. Just on that point with regard to the private brands you mentioned here of the T. Eaton Company, in which you gave two samples—I hardly

think that is a fair comparison. I presume that with the T. Eaton Company or any other company supplying for their own requirements, you would have to get behind that and find out what percentage on cost the factory producing them was willing to sell the goods for. For instance the Eaton Company, with its laboratory for making these particular lines, might be satisfied with a small mark-up on laboratory cost, and sell at that price. It would hardly be fair to use that as an example, it seems to me, unless you know at what price the factory was charging over their cost?—A. If you eliminate their factory altogether, leave their factory out of the picture altogether, and you find they are selling standard brands at 42 and 30 per cent mark-up and selling their own private brands at a 61 per cent mark-up, that is not touching the factory profit.

Q. What I have reference to were the lines made by themselves, not those purchased by the T. Eaton Company?—A. Those are treated here as private brands.

The CHAIRMAN: Mr. Sparks has made the comparison for what it may be worth, and the others were taken from the records.

By Mr. Factor:

Q. I just wanted to ask a couple of questions: You are counsel for the National Fair Trade Council?—A. Yes.

Q. Are you President of the Central Supply Warehouse in Toronto?—A. I am interested in the Central Supply Warehouse, yes.

Q. What sort of business does the Central Supply Warehouse operate?—A. It is purely a public service, Mr. Factor.

Q. Just elaborate on that statement as to what it does?—A. I would be very glad to do that, but I fancy it is out of order.

Q. It is not out of order, it is very much in order.—A. About two years ago it was found that people would be required to be supplied with footwear and clothing. The supply of old worn clothing was all gone, and it was found that people would require to be supplied with new clothing.

Mr. SENN: Let me ask, Mr. Chairman, what is the object of this question?

Mr. SOMMERVILLE: You mean, for relief purposes?—A. For relief purposes.

Mr. FACTOR: This gentleman is supposed to be representing the interests of the retailer, but he is himself supplying the government by mass buying, supplying the government at very low prices.

The WITNESS: Not my firm, it is not a firm.

Mr. FACTOR: You are President of the firm, however.

The WITNESS: If the committee wish me to explain it I will do so.

Mr. SENN: With all due regard, I think it has nothing to do with this evidence at all. It is merely an attempt to discredit the witness.

Mr. FACTOR: It is an attempt to show that the witness is the President of a company competing with the retailers on the same basis as he says the department stores are competing.

The WITNESS: I think, Mr. Chairman, I am going to insist on making a statement—if I may put it that way.

The CHAIRMAN: I am rather sorry Mr. Factor puts his question in that way, because what he has done is really—

The WITNESS: He makes a charge.

The CHAIRMAN: —makes an impingement of the witness's integrity. Will Mr. Sparks make a brief statement in answer to that question, because I do not think it is germane to the inquiry.

Mr. EDWARDS: Make it as brief as you like.

The WITNESS: A condition arose in which they needed a variety of clothing and footwear for the needy people of this country. I had been for twelve years President of the Canadian Association of garment manufacturers, and the government of Ontario asked me to come up there and advise them as to the best way of handling this problem. I did advise them. I gave most of my time to the thing without any profits to myself at any time. I did a good job. The late E. A. Dunlop told me before he died that he thought we had saved them a million dollars. It was purely gratuitous. I gave my services because I was interested as a Canadian in doing my part. I knew something about the distribution of clothing and I thought I might be of some service to the people of this country. I gave my services gratis and did a good job. If there are any questions about it I am willing to answer.

Mr. SOMMERVILLE: You got no salary?

Mr. EDWARDS: That is enough.

Mr. FACTOR: It is not enough, Mr. Edwards, you are not controlling this committee.

The CHAIRMAN: Order, gentlemen. Now, Mr. Factor, I do not know what your object is but I think Mr. Sparks has made a very fair and a very direct answer. I wish to know if there are any other questions germane to the inquiry which you wish to ask.

Mr. FACTOR: Yes, Mr. Chairman: Mr. Sparks has come here this morning and is making charges against the departmental stores with respect to their methods of merchandising while at the same time he is the President of a company that does the same thing, with an even worse class of merchandise which he is selling to the people and to the government of the Province of Ontario at ridiculously low prices.

The CHAIRMAN: Mr. Factor, just a moment: Mr. Sparks has already explained that his association with that organization was at the request of the government of Ontario. I imagine there is no desire to bring the late government of Ontario before this committee. He has explained his association with it, and I think we are bound to accept his statement.

The WITNESS: I tried to perform a public service.

Mr. FACTOR: He has not yet said what the central purchasing warehouse was?

The WITNESS: I will go into it in the most minute detail; but I would suggest to you, Mr. Factor, that rather than bring it up here, I have no political affiliations of any kind, I would suggest that you get in touch with Mr. Hepburn, or the new government, and see that an investigation of the operations of the Central Supply Warehouse in every way is made.

Mr. FACTOR: That will be done. I would rather get the evidence from you in the first instance. The Central Warehouses sold some of the workmen's pants about which we have heard so much.

The WITNESS: There were no sweat-shop goods anyway.

The CHAIRMAN: Frankly, Mr. Factor, with all due regard, I cannot see the bearing upon our enquiry of this particular line of examination.

Mr. FACTOR: Mr. Chairman, it certainly affects the price spread on at least 25 or 30 articles, which have been purchased by mass buying. I do not see why this committee should not go into this phase of the question, it is a mass buying proposition.

The WITNESS: No, Mr. Factor, it was not mass buying.

Mr. FACTOR: We have had an investigation of department stores in connection with mass buying and I want to investigate the merchandising methods of this company, of which this gentleman is president.

The CHAIRMAN: Mr. Factor's suggestion is that this firm with which you are associated has in some way or other shall I say indulged in distribution practices which he alleges are in some respects similar those complained of elsewhere. Will you file with this committee a statement as to the operations of this organization.

The WITNESS: May I suggest that Major Nash do it? You better have your auditors go in, after this I do not want to file anything, I would sooner Major Nash looked into it.

Mr. SOMMERVILLE: You will file with us a statement of the operations of the organization?

Mr. FACTOR: Make it a full statement, including the price list you sent out.

By Mr. Young:

Q. I understand, Mr. Sparks, that through taking your advice the government of Ontario through this concern with which you are associated have been able to put goods into the hands of people in Ontario who otherwise would not have been able to get them?—A. They put them in at a lower price than they could have otherwise.

Q. In doing so you rendered a public service?—A. I think so, Mr. Young; that is what I intended to do.

Q. I commend your effort, Mr. Sparks.—A. You all know what happened in Sturgeon Falls, the situation disclosed there.

Mr. FACTOR: I would like to have a statement filed.

The WITNESS: Would it be proper at this time, Mr. Chairman, to give just a few brief suggestions as to what might be done. I do not want to do it, because the enquiry is not completed; but on all sides we get letters about what are they going to do about it. Now, my clients have—the manufacturers, wholesalers and retailers—one or two ideas as to what can be done. If you wish that information I would be glad to put it in.

The CHAIRMAN: Finish your statement, Mr. Sparks, please.

Mr. YOUNG: Is Mr. Sparks coming back after dinner?

The WITNESS: I presume not. I do not need to say the first one; there should be a complete reorganization of the machinery for the enforcement of the minimum wage legislation. I just want to say this, make this brief statement, knowing that this is involved with the question of jurisdiction and the British North America Act—and I want to say on behalf of the business community, it is unanimous, we are not concerned with the British North America Act; we felt under some obligation to come before this committee and tell them what is wrong, and suggest ways in which it might be remedied. We have no interest in constitutional problems and if it involves an amendment of the British North America Act, that is not our problem, that is for the constitutional lawyers and parliament.

By Mr. Heaps:

Q. Do you feel that the federal government itself should undertake administration of minimum wage regulations in preference to the provincial government?—A. No. That is the suggestion I want to put forward here. It embodies our whole story.

Mr. KENNEDY (Winnipeg): Let me suggest that you put forward your suggestions, what you are dealing with now is rather a matter of argument as to jurisdiction.

The WITNESS: Our main suggestion is that the medium which can be best used to improve conditions with regard to minimum wages, prices and trade practices is trade association; associations of producers who will get together

and regulate this whole problem. We have not much faith in governmental administration of minimum wage laws. We think the industries themselves, if given a proper standing, can to a certain extent police their own industry; and we feel that the whole problem will largely be solved by giving to trade associations or associations of producers some control over their own industries, utilizing the services which the trade organizations can give, which we think can be trusted to do most of the work that is necessary to bring about better conditions. We cannot find any way in which by legislation the big distributors, chain stores, department stores and mail order houses can be controlled; and we do not want to legislate them out of business, or tax them out of business. But we do think that if associations of producers could be set up that they would regulate these things better than it can be done by any other method. That is the basic belief of organized business—retailers, wholesalers and producers—and I want to make it clear that we are not wanting to legislate anybody out of business; we want to control minimum wages, prices and trading practices; and we think it can be best done by trade associations.

By Mr. Kennedy (Winnipeg):

Q. Just there, Mr. Sparks, with a view to carrying out all these suggestions for organizations of producers to clean house and regulate their dealings; that would involve the repeal of any anti-combine laws?—A. Not necessarily, Mr. Kennedy; we think the Combines Investigation Act should be put in the hands of a board or commission, similar to the railway board.

By Mr. Sommerville:

Q. A trade board?—A. A trade board. We think there should be some changes made in the Combines Investigation Act. To-day it is illegal for manufacturers to do things which we believe should be done.

By Mr. Kennedy (Winnipeg):

Q. That is exactly my point, perhaps when I said repeal I was going too far; what I meant was that the anti-combine laws should be so amended as to legalize combinations such as you suggest?—A. That is the whole story, Mr. Kennedy. I think the first thing to do is to amend the Combines Act, and then to give certain authority—I do not like to go so far as perhaps some people would, that the decisions of this authority should have the force of law; personally I do not think we can perhaps get that far, but we do think that the decisions of these associations should be brought before the Board and considered openly and publicly—and if such a board approved of those policies they should be free from persecution under the Combines Investigation Act.

Q. In other words, make the law respecting combines more elastic than it is and give discretionary powers to the officers administering it?—A. That is the whole story.

By Mr. Heaps:

Q. How would you enforce proper wage standards in an industry without the government?—A. Everybody in the industry would agree on these wage standards—they certainly would be as good as or better than the minimum wage law—and then they would see that this wage standard was enforced.

Q. Suppose some manufacturer were unscrupulous and would not pay the wages set by the board?—A. Then we could use what we cannot do under the minimum wage act, we could go to the suppliers of the raw material—we will take the silk dress business as an illustration—if anybody did not live up to the obligations we think it would be perfectly proper for us to go to the Silk Dress Association and ask them not to supply that man with materials as long as he failed to comply with the standard set for the industry.

Q. Supposing the wholesale manufacturer would not do that?—A. Then it would be up to the Board. I think we have come to the time when we will have to make up our minds that we must experiment, Mr. Heaps. Such a reference appears in the report of the Macmillan Commission. The Banking Commission said this, and I will close with this reference which will be found on page 11 of the report of the Macmillan Commission. I am going to change one word in this paragraph, instead of the word financial I am going to use the word distributor.

By Mr. Sommerville:

Q. You say you are only going to make a change in the word "financial"; what is it?—A. "It is obviously well that at such a time as this the adequacy of the distribution mechanism of any country to the new demands made upon it should be examined in order to ascertain whether the existing mechanism is working well or could be made to work better, not only under the existing conditions but under those likely to prevail with the return of normality. The world will not return to the status quo ante." We are in a new world. "When prosperity returns, it will return to a world changed in many important respects. We have to see whether in that particular sphere of our inquiry Canada (and that refers to this inquiry) has the best equipment to deal with these new conditions, having regard to all their economic application. In such a time of difficulty experiment is justifiable." I ask you to experiment with the trade association and see what it can do, and I think it can solve this problem.

By Mr. Heaps:

Q. I want to ask you in regard to this question of price maintenance who is going to be the judge as to whether the prices set by such a trade board would be fair prices?—A. The board would be the judge.

Q. They would be their own judges as to fair prices?—A. Yes.

Q. And suppose someone thought the price was not fair?—A. They could go to the board.

Q. Are you going to make the board the final arbitrator?—A. Yes sir.

Mr. SOMMERVILLE: The board is the government.

By Mr. Heaps:

Q. Suppose they were in conflict with the government in regard to fair prices?—A. In my opinion we are coming to a time when administrative functions are going to be done more and more by boards rather than by legislatures. I think we have to pass, whether we like it or not, certain control—certain regulations to boards. It has happened in every country in the world, and it is coming here.

Q. Would you mean—and I want to be fair with you—that you want a government to delegate its powers to such a board and the board would be autonomous in its own right?—A. Mr. Heaps, I have not worked out a complete plan—an act of parliament—but broadly it is to give very large powers to this board. That is, to delegate—not legislative—administrative powers over particular affairs to this board and that board, in turn, delegates very particular powers to organizations of producers and traders.

Q. Powers to fix wages, prices and so on?—A. Yes, I think to fix wages.

By Mr. Kennedy (Winnipeg):

Q. I take it you have in mind powers in many respects comparable to the powers vested in the Board of Railway Commissioners?—A. Very similar, sir.

Q. They have power to deal with the matter of whether a level crossing should be in one place or another. As Mr. Heaps suggests in their decisions it is quite possible that exception may be taken—but you would have a board comparable to the Board of Railway Commissioners?—A. Yes.

Mr. SENN: In other words, your suggestions are just along the line made by Mr. Carlisle a short time ago before the committee?

The WITNESS: I think they are similar.

Mr. EDWARDS: You want merchandise at a fair price, and you cannot pay decent wages unless the prices are fair.

By Mr. Young:

Q. You yourself operate a clothing factory do you not?—A. Not now, sir; I am out of business.

Q. You had been in it for some years?—A. Thirty years.

Q. Did you sell any percentage of your goods to the big department stores?—A. I was calculating the other day in the last thirty years we have sold \$5,000,000 worth of goods to department stores, chain stores and mail order business.

Q. What percentage of your output would that be?—A. To the department stores alone?

Q. Yes, and chain stores?—A. In 25 years?

Q. Say ten years.—A. In the last ten years I suppose it would be one-third.

Q. How did you find them to deal with?—A. Well, I found they always had the low price.

Q. Apart from that, how did you find them?—A. We found they paid their bills.

Q. Were they very satisfactory?—A. Yes, their payments were fine.

Q. What is your dividend record during the years you were selling to them.

Hon. MEMBERS: Oh, oh.

The CHAIRMAN: That is all right. We asked others.

The WITNESS: We paid a dividend every year since—I believe I started in 1907. I do not think I paid any dividends for the first three or four years. I had very little capital. I missed a few years about 1920 and 1921. We paid on a small capitalization, 10 per cent, most of those years—some years 5 per cent; but the capitalization was small.

By Mr. Young:

Q. They did not put you out of business?—A. Oh, no, I have been in business—I never made very much money, but I stayed in business.

Q. Was there ever a time when an order from them was very helpful in keeping your factory going when other orders were not coming in?—A. Yes. In thirty years I followed the will-o-the-wisp, Mr. Young, and I think I was wrong, Mr. Young, that is all. I do not think they are helpful organizations. I was in business, and I thought as others did, and I sold department stores, and I doubt, Mr. Young—I doubt after those twenty-seven years doing business if I made any money out of it—I doubt if I made any money out of it.

Q. But there were times when orders from them did enable you to keep your factory open and keep your men employed?—A. There is no doubt about that, yes.

Q. And you still maintained your dividend rate throughout those years?—A. Yes.

By Mr. Sommerville:

Q. And made it on somebody else?—A. We made it on somebody else. Our profits were made out of the independent retailer. I did what everybody else did; we took the big business in order to pay all or part of our overhead and we made the profits out of the other fellow—no doubt about it.

The committee adjourned to meet at 4 o'clock.

AFTERNOON SITTING

The Committee resumed at 4 o'clock.

Mr. A. E. NASH, recalled.

By Mr. Sommerville:

Mr. NASH, you were asked when you were here before, to prepare summaries of the various companies to be filed with the committee?—A. Yes.

Q. You had spoken of one summary of the T. Eaton Company?—A. Yes.

Q. And you had at that time some draft figures which were written out in hand?—A. Yes.

Q. You have since completed them?—A. I have since completed them.

Q. And engrossed them, and you are filing them now?—A. Yes; they were spoken to by Mr. Gordon and I thought it convenient, as I have said, to file them. I now file them. This is the T. Eaton Company one, a summary of their business, slightly amplified from the one that was given before, Mr. Sommerville.

Q. Was it entered on the record the other day?—A. I do not recollect it being given a number.

The CHAIRMAN: It is in.

The WITNESS: I did not know the final one was in.

By Mr. Sommerville:

Q. It is in the record.—A. Then, you asked for the same thing in connection with the Hudson Bay Company.

Q. Simpson's?—A. We will take the Simpson one first. The Simpson one is of a slightly different character. What you asked for was a comparative statement showing the earnings required to pay interest and dividends on the bonds and shares outstanding in 1924, before the first bond issue and 1933 after the second bond issue. I think that Mr. Adamson was questioned about it, but the document was not filed then.

The CHAIRMAN: We had better put it in the record.

By Mr. Sommerville:

Q. Now, this is the document that you filed, and it is a comparative statement of the Robert Simpson Company and associated companies, showing the earnings required to pay interest and dividends on the bonds and shares outstanding in the two years 1924 and 1933?—A. Quite right.

Q. That is the year before the first re-organization that resulted in the withdrawal of \$5,000,000?—A. Yes.

Q. And the year 1933?—A. Yes.

Q. And this indicates that the total earnings required to pay interest on bonds, and mortgages and dividends on the preference shares outstanding including the amount required to pay income tax at 12½ per cent?—A. Yes.

Q. —was in 1924, \$371,775?—A. That is right.

Q. And in 1933 the amount required was \$1,762,008?—A. That is right.

Q. In 1924 there were 33,500 outstanding common shares held privately?—A. Quite right.

Q. And in 1933 there were outstanding 120,000 class "A" common shares and 120,000 class "B" shares?—A. Right.

Q. And the class "A" shares are preferred as to dividends up to \$3 per share in any fiscal year over class "B" shares?—A. That is right.

MEMORANDUM RE SIMPSONS LIMITED AND CONSTITUENT COMPANIES

The following is a brief summary of the important changes in the business of Simpsons Limited and its constituent companies:—

Growth of Business

Sales—	
1915.....	\$ 14,081,451
1920.....	33,444,765
1925.....	37,378,373
1930.....	48,196,337
1933.....	37,526,419

Assets—

	Total value of Assets	Amount of Appraisal appreciation included in total value of Assets	Net Total Assets
	\$	\$	\$
At 31st January, 1912.....	6,182,250	.....	6,182,250
At 31st January, 1917.....	11,068,162	.....	11,068,162
At 4th February, 1925.....	19,802,873	2,816,850	16,986,023
At 3rd January, 1934.....	35,137,603	8,720,700	26,416,903

Expension since 1915

- 1915—Western Mail Order Branch opened at Regina.
- 1916—Mutual Street Building erected in Toronto primarily for the use of the Toronto Mail Order Division.
- 1919—Eastern Mail Order Branch opened at Halifax.
- 1923—James Street Extension to Toronto Store completed.
- 1925—Parking garage on Richmond Street, opposite Toronto Store leased.
- 1929—Bay Street Extension to Toronto Store completed.
- 1931—New Montreal Store completed.
- Extension to Mutual Street Building completed.

Changes in Capital Structure between 1924 and 1934

- A summary of the Capital Structure—
- (1) at 4th February, 1925, before the 1925 reorganization,
 - (2) at 4th February, 1925, after the formation of Simpsons Limited in 1925 and,
 - (3) at 3rd January, 1934,
- is given below:—

	At 4th February, 1925		At 3rd January, 1934
	Before the re- organization	After the formation of Simpsons Limited (1925)	
	\$	\$	\$
Bonds, Mortgages and Preference Shares of Operating Companies in the hands of the public.....	5,900,224	5,900,224	4,725,223
Common Stock of The Robert Simpson Company Limited (33,500 shares).....	3,350,000	.....	.....
Bonds of Simpsons Limited.....	.....	5,600,000	10,283,500
Capital Stock of Simpsons Limited—			
Preference Shares (112,500 shares).....	.....	.....	11,250,000
Common Shares (100,000 shares).....	.....	5,372,737	.....
Class A No Par Value Shares (120,000 shares).....	.....	.....	5,061,314
Class B No Par Value Shares (120,000 shares).....	.....	.....	.....
Balance of Profit and Loss Account.....	4,805,887	.....	725,819
	14,056,111	16,872,961	32,045,856

Comparison of increased earnings required to pay interest and dividends on additional bonds and capital issued from time to time

The total earnings (including income tax at $12\frac{1}{2}$ per cent) required to pay interest on bonds and mortgages and dividends on the preference shares outstanding in 1924 was approximately \$372,000. In order to pay interest on bonds and dividends on the preference shares outstanding in 1933 earnings of \$1,762,008 were required. These amounts are before making any provision for dividends on common shares.

Unprofitable Units

The Toronto Store has always the greater part of the earnings of the organization, although in the past four years its earnings have been considerably reduced. During this latter period, the operations of the Mail Order Divisions have not been profitable due primarily to the very substantial reduction in Mail Order sales volume. Each Mail Order unit in the past years has shown a substantial annual loss even before providing for rentals to Simpsons Limited. The operating results of the Mail Order branches are shown on the following statements:—

Toronto Unit—Statement MT-1

Halifax Unit—Statement MT-2

Regina Unit—Statement MT-3

The sales volume of the Montreal Branch has been steadily increasing, having been \$2,217,991 in 1924 as against \$4,909,422 in 1933. The new larger Montreal Store was completed in 1931. Despite the increase in volume, the operations have not been as profitable as in earlier years, and in the past three years although small profits are shown before providing for rentals to Simpsons Limited, substantial losses have resulted after providing for these rentals—(Statement F-3.)

Decline in Sales since 1929—(All Units)

1929 (52 weeks).....	\$48,196,337
1930 (52 weeks).....	46,912,454
1931 (53 weeks).....	44,947,407
1932 (48 weeks).....	34,728,004
1933 (52 weeks).....	37,526,419

The amount of the average transaction exclusive of restaurant transactions has declined as follows:—

	Toronto Store		Montreal Store		Mail Order	
	\$	cts.	\$	cts.	\$	cts.
1929.....	2.18		2.39		4.66	
1930.....	2.30		2.47		4.49	
1931.....	2.10		2.15		4.05	
1932.....	1.73		1.82		3.76	
1933.....	1.55		1.72		3.70	

Decreasing Net Profits since 1928

The net profits of Simpsons Limited and constituent companies after providing for depreciation but before provision for income taxes and bonuses, and before and after bond interest have been as follows:—

Year	Number of Weeks	Before Bond Interest	Bond Interest	After Bond Interest
		\$	\$	\$
1925.....	52	2,025,374	400,180	1,625,194
1926.....	52	2,592,313	444,926	2,147,387
1927.....	52	2,861,546	434,486	2,427,060
1928.....	52	3,048,385	423,077	2,625,308
1929.....	52	2,657,732	567,876	2,089,856
1930.....	52	2,501,012	719,236	1,781,776
1931.....	53	1,605,095	741,418	863,677
1932*.....	48	679,278	658,077	21,201
1933.....	52	1,223,458	696,580	526,878

*No depreciation on fixed assets provided in 1932. If depreciation has been provided at approximately the usual rates the profits would have been reduced by approximately \$565,000.

Expenses—Stores

The sales, expenses and the percentages of the expenses to sales of the Toronto and Montreal Stores for the years 1924 to 1933 were as follows:—

TORONTO STORE (STATEMENT TT-1)

Year	Number of Weeks	Sales	Expenses excluding Net Rentals paid to Simpsons Limited	Per cent to Sales	Net Rentals paid to Simpsons Limited	Total Expenses including Rentals	Per cent to Sales
		\$	\$		\$	\$	
1924.....	53	22,184,397	5,038,049	22.71	.....	.....	22.71
1925.....	52	23,471,204	5,295,771	22.56	.....	.....	22.56
1926.....	52	24,021,575	5,368,243	22.35	.....	.....	22.35
1927.....	52	25,152,589	5,505,225	21.89	.....	.....	21.89
1928.....	52	27,084,993	6,149,516	22.70	.....	.....	22.70
1929.....	52	31,290,698	7,518,437	24.03	233,771	7,752,208	24.77
1930.....	52	30,917,406	7,469,426	24.16	503,089	7,972,515	25.79
1931.....	53	29,430,370	7,284,064	24.75	571,626	7,855,690	26.69
1932.....	48	22,458,679	6,048,650	26.93	528,754	6,577,404	29.29
1933.....	52	23,479,227	5,971,789	25.43	692,104	6,663,893	28.38

MONTREAL STORE (STATEMENT F-3)

Year	Number of Weeks	Sales	Expenses including Net rentals paid to Simpsons Limited	Per cent to Sales	Net Rentals paid to Simpsons Limited	Total Expenses including Rentals	Per cent to Sales
		\$	\$	%	\$	\$	%
1924.....	53	2,217,991	609,416	27.48	.....	.....	27.48
1925.....	52	2,385,190	645,005	27.04	.....	.....	27.04
1926.....	52	2,823,278	676,411	23.96	.....	.....	23.96
1927.....	52	2,830,594	679,631	24.01	.....	.....	24.01
1928.....	52	2,913,679	716,946	24.61	.....	.....	24.61
1929.....	52	3,118,329	766,405	24.58	85,025	851,430	27.30
1930.....	52	3,724,813	949,919	25.50	240,143	1,190,062	31.95
1931.....	53	4,701,917	1,262,986	26.86	343,804	1,606,790	34.17
1932.....	48	4,434,208	1,205,848	27.19	322,861	1,528,709	34.48
1933.....	52	4,909,422	1,341,182	27.32	349,728	1,690,910	34.44

Expenses—Mail Order

The sales, expenses and the percentage of the expenses to sales of the Toronto, Regina and Halifax Divisions for the years 1924 to 1933 were as follows:—

TORONTO MAIL ORDER (STATEMENT MT-1)

Year	Sales	Expenses including rentals to Simpsons Limited from 1929 to 1933 inclusive	Per cent to Sales
	\$	\$	%
1924.....	4,985,926	1,302,882	26.1
1925.....	4,937,498	1,321,583	26.8
1926.....	5,300,871	1,403,074	26.5
1927.....	5,231,203	1,435,404	27.4
1928.....	5,532,454	1,727,006	31.2
1929.....	5,208,957	1,668,084	32.0
1930.....	4,626,829	1,510,504	32.6
1931.....	4,025,286	1,468,761	36.5
1932.....	2,592,459	1,181,004	45.5
1933.....	3,008,243	1,065,568	35.0

REGINA MAIL ORDER (STATEMENT MT-3)

Year	Sales	Expenses including rentals to Simpsons Limited from 1929 to 1933 inclusive	Per cent to Sales
	\$	\$	%
1924.....	5,819,969	1,465,054	25.2
1925.....	6,131,369	1,554,421	25.3
1926.....	6,825,039	1,667,311	24.4
1927.....	6,981,296	1,832,726	26.3
1928.....	6,917,552	1,748,259	25.3
1929.....	6,056,813	1,735,796	28.6
1930.....	5,108,073	1,664,039	32.6
1931.....	4,571,259	1,551,291	33.9
1932.....	3,593,153	1,403,125	39.0
1933.....	4,179,853	1,389,941	33.2

HALIFAX MAIL ORDER (STATEMENT MT-2)

Year	Sales	Expenses including rentals to Simpsons Limited from 1929 to 1933 inclusive	Per cent to Sales
	\$	\$	%
1924.....	2,170,090	555,567	25.6
1925.....	2,241,869	562,951	25.1
1926.....	2,346,062	569,704	24.3
1927.....	2,333,546	623,820	26.7
1928.....	2,357,446	667,853	28.3
1929.....	2,521,539	714,976	28.3
1930.....	2,535,334	746,944	29.4
1931.....	2,218,572	725,743	32.7
1932.....	1,649,507	624,663	37.8
1933.....	1,949,673	630,041	32.3

GROSS PROFIT PERCENTAGE TO COST OF SALES (MAINTAINED MARK-UP PERCENTAGE) AFTER INCLUDING IN COST OF SALES BUYING EXPENSES AND IN SOME DEPARTMENTS CERTAIN ALTERATION WORKROOM EXPENSES, ETC.

	Toronto Store	Montreal Store	Toronto Mail Order including Retail Section	Regina Mail Order including Retail Section	Halifax Mail Order including Retail Section
	%	%	%	%	%
1924.....	40.8	49.1	42.7	42.3	39.4
1925.....	41.3	44.1	35.8	42.3	37.0
1926.....	42.4	46.3	42.2	45.5	39.7
1927.....	42.7	42.6	47.4	45.2	41.4
1928.....	44.6	45.9	47.2	46.1	41.7
1929.....	45.2	47.2	46.4	44.7	42.4
1930.....	44.7	46.6	44.9	40.9	39.7
1931.....	42.0	41.5	39.3	34.4	36.5
1932.....	41.8	41.7	40.6	43.6	42.1
1933.....	44.0	42.1	46.3	46.6	45.8

Increased Advertising as a Percentage to Sales—Toronto Store

The percentages of the newspaper advertising expenses of the Toronto Store for the years 1926 to 1933 are as follows:—

	Cost of Newspaper Advertising	Sales	Percentage of Newspaper Advertising to Sales
	\$	\$	%
1924.....	506,837	22,184,397	2.28
1925.....	513,821	23,471,204	2.19
1926.....	501,914	24,021,575	2.09
1927.....	504,020	25,152,589	2.00
1928.....	575,944	27,084,993	2.13
1929.....	715,723	31,290,698	2.28
1930.....	735,758	30,917,406	2.38
1931.....	811,999	29,430,370	2.76
1932.....	614,009	22,458,679	2.73
1933.....	749,812	23,479,227	3.19

The above figures do not include window display expenses and other advertising expenses.

Decreased Wages and Salaries

A comparison of the average number of employees and the total wages paid in the Toronto units for the past five years is as follows:—

Year	Average number of employees	Total wages paid excluding management	Total wages per week	Percentage of selling staff wages to sales	Management and executive salaries and bonuses	Percentage of salaries and bonuses to sales
		\$	\$	%	\$	%
1929.....	5,184	5,697,164	109,561	7.4	922,985	2.5
1930.....	5,010	5,436,421	104,547	7.5	877,734	2.5
1931.....	4,834	5,121,650	96,635	7.4	711,442	2.1
1932.....	4,535	4,085,119	85,107	7.8	589,710	2.4
1933.....	4,430	4,006,694	77,052	7.5	528,270	2.0
Percentage 1933 of 1929.....	85.5%	70.3%	70.3%	.....	57.2%	

The Toronto units employ the greater proportion of the total employees.

Manufacturing Units (Statement X-1)

There are very few manufacturing units in the organization, the chief of these being:—

- (a) Keens Manufacturing Company Ltd.,—
manufacturing ladies' dresses for the Mail Order divisions. The output of this factory in 1933 was \$181,315.
- (b) K. Factory,—
manufacturing men's suits and overcoats. The output in 1933 was \$104,551.
- (c) Fur Factory,—
output in 1933, \$52,027.

THE ROBERT SIMPSON COMPANY LIMITED AND ASSOCIATED COMPANIES

COMPARATIVE STATEMENT SHOWING THE EARNINGS REQUIRED TO PAY INTEREST AND DIVIDENDS ON THE BONDS AND SHARES OUTSTANDING IN THE TWO YEARS—1924 AND 1933

	1924	1933
Re Bonds, Mortgages and Preference Shares Outstanding—		
The Robert Simpson Company Limited and subsidiary operating companies—		
Bond interest—		
The Robert Simpson Company Limited.....	\$96,081	\$71,689
The Robert Simpson Western Limited.....	19,200	
Mortgage Interest—		
The Robert Simpson Company Limited.....	17,600	
The Robert Simpson Montreal Limited.....	9,180	
Preferred Dividends—		
The Robert Simpson Company Limited.....	\$201,000	\$201,000
Income Tax at 12½% on profits which have to be earned before any profits are available for dividends.....	28,714	28,714
	229,714	229,714
Simpsons Limited—		
Bond Interest (5½%-6%).....		624,891
Dividends on Preference Shares.....		\$731,250
Income Tax at 12½% on profits which have to be earned before any profits are available for dividends.....		104,464
		835,714
Total earnings (including amount required for income tax at 12½%) required to pay interest on bonds and mortgages and dividends on the preference shares outstanding.....	\$371,775	\$1,762,008

Re Common Shares Outstanding—

The Robert Simpson Company Limited—

In 1924 the 33,500 outstanding Common shares of the above company were held privately.

Dividends of 10% were paid in 1924; this was the average dividend rate in the years 1917 to 1924.

Simpsons Limited—

In 1933 there were outstanding 120,000 Class A Common shares and 120,000 Class B Common shares of Simpsons Limited. Class A shares are preferred as to dividends up to \$3 per share in any fiscal year over Class B shares.

Q. Then, the next?—A. The next one is a short summary of the Hudson's Bay Company line-up in the same way as the T. Eaton summary, showing the growth of the business, the history of the individual stores, growth of the department stores division of the business, increases in the fixed assets, operating results of various stores for five years, summary of maintained mark-up, percentages to cost of sales for five years, percentages of maintained mark-up to cost of sales, showing distinction between various divisions of the store selling department. When Mr. Weir gave evidence, there was some coal and lumber

department and these have been separated for the purpose of this statement. Then, there are the operating expenses for a period of five years, and the comparison of pay-roll, advertising and municipal tax expense, percentage to sales, and a summary of operating results in different cities, Winnipeg, Vancouver, Calgary and Edmonton. Then, there is a statement showing the trend over a three year period in number of transactions and the average amount per transaction; administration expenses charged to stores, the average number of employees, the wages paid; a short summary of the part-time staff, and the number of employees in the various groups of the business. This is all given in the evidence, but summarized for the convenience of the committee.

THE HUDSON'S BAY COMPANY

AA-5

STATEMENT SHOWING GROWTH OF BUSINESS AND VARIOUS STATISTICAL MEMORANDA

GROWTH OF BUSINESS AS A WHOLE

Total Assets.....	1901—£ 1,606,115
(exclusive of unsold Land and Principal and Interest on Land sold)	1915— 7,997,411
	1927— 11,117,796
	1930— 12,555,132
	1934— 10,470,902

BRIEF HISTORY OF INDIVIDUAL STORES STILL IN OPERATION

Winnipeg.....	Prior to 1881 store operated at Fort Garry Main Street Store built in 1881 Portage Avenue Store built in 1926
Vancouver.....	Opened on Cordova Street in 1887 Store built on Granville and Georgia in 1892 New section built at corner of Georgia and Seymour 1913 New section built on Seymour Street in 1925 New section built on Georgia and Granville in 1926, replacing the 1892 store
Calgary.....	First store opened in 1876 Second store opened in 1889 New store, 7th Ave. and 1st St. W. opened in 1913 Addition built in 1929
Edmonton.....	Prior to 1890 trading store at old fort First Retail Store built in 1890 Larger store built on present site in 1894 Rebuilt in 1905 Addition built in 1914 and warehouse adjoining store taken over in 1916 Additional adjoining property with one story building purchased in 1926
Victoria.....	Wholesale and retail trade done at Fort Victoria built in 1859 Present store opened at Douglas and Fisguard Sts. in 1923
Saskatoon.....	Purchased and opened at 2nd Ave. and 23rd St. in 1922
Kamloops.....	First established in 1821 Present store purchased and opened in 1911
Nelson.....	First opened a store in 1902 Present store built in 1910 and an addition built in 1929
Vernon.....	Started trading in 1887 Present store built in 1912
Yorkton.....	Leased store in 1898 and purchased it in 1903 Present store built and opened on 2nd May 1912

GROWTH OF DEPARTMENT STORES DIVISION OF THE BUSINESS

Sales.....	1911—\$ 4,592,000
	1912— 8,080,000
	1914— 9,701,000
	1918— 11,628,000
	1921— 15,156,000
	1925— 14,790,000
	1926— 17,118,000
	1927— 21,318,000
	1928— 29,027,000
	1930— 35,810,000
	1934— 22,114,000
INCREASE FROM 1911 TO 1934.....	\$ 17,522,000

THE HUDSON'S BAY COMPANY

INCREASES IN FIXED ASSETS IN CANADA

(Practically all in Department Stores)

January 31, 1925.....	\$ 10,289,000 00
January 31, 1926.....	12,329,000 00
January 31, 1927.....	21,848,000 00
January 31, 1928.....	24,978,000 00
January 31, 1929.....	26,248,000 00
January 31, 1930.....	28,049,000 00
January 31, 1931.....	29,639,000 00
January 31, 1932.....	27,858,000 00
January 31, 1933.....	27,190,000 00
January 31, 1934.....	27,097,000 00

OPERATING RESULTS OF VARIOUS STORES FOR FIVE YEARS ACCORDING TO COMPANY RECORDS

(With Head Office charges for **rent, interest, depreciation** and **administration** included in expenses)

	Years ending 31st January				
	1930	1931	1932	1933	1934
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Winnipeg.....	447,119 00	590,252 00	814,278 00	368,095 00	135,878 00
Vancouver.....	292,564 00	103,724 00	416,600 00	110,947 00	177,708 00
Calgary.....	91,702 00	503,547 00	514,269 00	168,146 00	45,557 00
Edmonton.....	112,689 00	142,684 00	122,584 00	101,248 00	7,857 00
Victoria.....	15,521 00	40,624 00	91,695 00	86,184 00	38,429 00
Saskatoon.....	28,135 00	141,470 00	174,218 00	42,320 00	43,653 00
Kamloops.....	12,840 00	9,857 00	4,040 00	2,829 00	1,185 00
Nelson.....	3,226 00	3,223 00	8,098 00	1,284 00	3,898 00
Vernon.....	13,110 00	9,350 00	4,905 00	4,276 00	1,120 00
Lethbridge.....	22,417 00	69,142 00	Store Closed		.....
Yorkton.....	845 00	20,446 00	8,594 00	3,679 00	681 00

SUMMARY OF MAINTAINED MARK-UP PERCENTAGES TO COST OF SALES AS SHOWN ON THE COMPANY'S RECORDS FOR FIVE YEAR PERIOD FOR EACH STORE

(Buying charges and alteration costs included in cost of sales)

	Years ending 31st January				
	1930	1931	1932	1933	1934
	%	%	%	%	%
Winnipeg.....	32.90	34.08	33.80	36.40	36.82
Vancouver.....	45.42	41.81	39.61	38.98	42.64
Calgary.....	35.54	31.81	31.98	36.27	39.06
Edmonton.....	33.38	32.61	33.85	33.77	37.90
Victoria.....	40.48	38.28	37.81	36.35	38.93
Saskatoon.....	33.51	29.88	25.74	33.48	35.31
Kamloops.....	31.26	32.42	31.72	32.84	32.63
Nelson.....	44.20	43.18	38.67	31.65	37.34
Vernon.....	36.59	38.12	35.83	37.29	35.42
Yorkton.....	36.66	32.20	35.85	36.67	38.87
Total Stores.....	36.98	35.77	35.06	36.61	38.33

PERCENTAGES OF MAINTAINED MARK-UP TO COST OF SALES MAKING DISTINCTION BETWEEN VARIOUS DIVISIONS OF THE STORE SELLING DEPARTMENTS

(Total for all Stores)

Year ending 31st January	Grocery and Allied Departments	Coal, Lumber, etc.	Retail Inventory Departments such as Clothing, Shoes, Furniture, Drugs, etc., etc.	Miscellaneous Departments such as Restaurant, Dressmaking, Contract, Flowers
	%	%	%	%
1926	18.34		40.23	
1927	19.19		39.28	
1928	18.13		40.69	
1929	17.61		43.63	
1930	19.22	12.58	44.20	
1931	21.05	18.27	41.70	48.70
1932	23.43	15.95	39.32	52.75
1933	22.41	13.32	42.92	49.04
1934	23.51	12.89	44.64	40.55

SUMMARY FOR TOTAL STORES—OF SALES, GROSS PROFITS, OPERATING EXPENSES, INCLUDING HEAD OFFICE CHARGES, OPERATING EXPENSES, EXCLUDING INTEREST CHARGE, OPERATING EXPENSES, EXCLUDING INTEREST AND RENT OR DEPRECIATION CHARGES WITH PERCENTAGES TO SALES

(All to nearest \$1,000)

Year ending 31st January	Sales		Gross profit		Operating Expenses							
					including Head Office Charges		excluding Interest charged by Head Office		excluding Interest and Rent or Depreciation charged by Head Office		Miscellaneous Revenues less Expenses	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
1926	17,119	100	4,605	26.90	4,841	28.28	4,501	26.29	4,023	23.50	231	1.35
1927	21,318	100	5,529	25.94	6,220	29.18	5,829	27.34	5,167	24.24	49	0.23
1928	29,028	100	7,557	26.03	8,813	30.36	8,293	28.57	6,949	23.94	347	1.20
1929	34,829	100	9,309	26.73	9,741	27.97	9,177	26.35	7,671	22.02	310	0.89
1930	35,810	100	9,667	27.00	10,072	28.13	9,484	26.49	7,981	22.29	222	0.62
1931	30,761	100	8,105	26.35	9,886	32.14	9,320	30.30	7,675	24.95	191	0.62
1932	25,496	100	6,619	25.96	9,037	35.44	8,581	33.66	6,963	27.31	259	1.02
1933	22,540	100	6,040	26.80	7,125	31.61	6,843	30.36	5,693	25.26	210	0.93
1934	22,114	100	6,083	27.51	6,245	28.24	6,036	27.29	5,328	24.09	181	0.82

COMPARISON OF PAYROLL, ADVERTISING AND MUNICIPAL TAX EXPENSES TO NEAREST \$1,000 (ALL STORES) WITH PERCENTAGE TO SALES

Years ending 31st January	Sales			Payroll			Advertising			Taxes		
	\$	cts.	%	\$	cts.	%	\$	cts.	%	\$	cts.	%
1926	17,119.00		100	2,534.00		14.80	480.00		2.80	162.00		0.95
1927	21,318.00		100	3,229.00		15.15	596.00		2.80	196.00		0.92
1928	29,028.00		100	4,328.00		14.91	717.00		2.47	320.00		1.10
1929	34,829.00		100	4,783.00		13.73	833.00		2.39	376.00		1.08
1930	35,810.00		100	4,976.00		13.90	806.00		2.25	407.00		1.14
1931	30,761.00		100	4,660.00		15.15	740.00		2.41	451.00		1.47
1932	25,496.00		100	4,189.00		16.43	727.00		2.85	480.00		1.88
1933	22,540.00		100	3,471.00		15.40	589.00		2.61	483.00		2.14
1934	22,114.00		100	3,204.00		14.49	613.00		2.77	440.00		1.99

THE HUDSON'S BAY COMPANY

SUMMARY OF OPERATING RESULTS IN DIFFERENT CITIES TO THE NEAREST \$1,000 WITH
PERCENTAGES TO SALES

Years ending 31st January	Sales		Gross Profit		Expenses including Charges by Head Office		Miscellaneous Revenues less Expenses		Net Profit or Loss after absorbing charges by Head Office	
	\$	%	\$	%	\$	%	\$	%	\$	%
Winnipeg....1926	3,166	100	731	23.09	888	28.05	47	1.48	110	3.47
1927	5,131	100	1,183	23.06	1,720	33.52	10	0.19	547	10.66
1928	10,410	100	2,498	24.00	3,476	33.39	141	1.35	836	8.03
1929	13,124	100	3,282	24.84	3,915	29.63	96	0.73	537	4.06
1930	13,458	100	3,331	24.75	3,858	28.67	79	0.59	417	3.32
1931	10,661	100	2,710	25.42	3,379	31.69	79	0.74	590	5.53
1932	8,956	100	2,263	25.27	3,164	35.33	87	0.97	814	9.09
1933	7,794	100	2,080	26.69	2,508	32.18	60	0.77	368	4.72
1934	7,637	100	1,958	26.64	2,134	27.94	48	0.63	136	1.78
Vancouver..1926	5,151	100	1,504	29.20	1,381	26.81	60	1.16	183	3.55
1927	5,882	100	1,660	28.22	1,705	28.99	1	0.02	44	0.75
1928	7,166	100	2,103	29.33	2,299	32.08	71	0.99	126	1.76
1929	8,680	100	2,636	30.37	2,478	28.55	81	0.93	238	2.74
1930	9,296	100	2,903	31.23	2,670	28.72	59	0.63	293	3.15
1931	8,317	100	2,452	29.48	2,635	31.68	80	0.96	104	1.25
1932	6,934	100	1,968	28.38	2,463	35.52	78	1.12	417	6.01
1933	6,133	100	1,720	28.05	1,898	30.95	67	1.09	111	1.81
1934	6,049	100	1,808	29.89	1,690	27.94	59	0.98	178	2.94
Calgary.....1926	2,876	100	876	30.46	831	28.89	50	1.74	94	3.27
1927	3,577	100	1,003	28.04	871	24.35	41	1.15	174	4.86
1928	4,106	100	1,115	27.16	949	23.11	54	1.32	220	5.36
1929	4,652	100	1,271	27.32	1,090	23.43	57	1.23	238	5.12
1930	4,698	100	1,232	26.22	1,189	25.31	49	1.04	92	1.96
1931	4,151	100	1,002	24.14	1,549	37.32	44	1.06	504	12.14
1932	3,377	100	818	24.22	1,368	40.51	36	1.07	514	15.22
1933	2,781	100	740	26.61	933	33.55	25	0.90	168	6.04
1934	2,647	100	743	28.07	726	27.43	28	1.06	46	1.74
Edmonton..1926	1,656	100	359	21.68	515	31.10	26	1.57	130	7.85
1927	2,148	100	485	22.58	628	29.24	20	0.93	123	5.73
1928	2,392	100	551	23.27	703	29.68	22	0.93	129	5.45
1929	2,599	100	652	25.09	750	28.86	24	0.92	74	2.85
1930	2,556	100	640	25.04	770	30.13	17	0.67	113	4.42
1931	2,403	100	591	24.59	752	31.29	19	0.79	143	5.95
1932	2,067	100	523	25.30	669	32.37	23	1.11	123	5.95
1933	1,826	100	461	25.25	583	31.93	21	1.15	101	5.53
1934	1,865	100	513	27.51	521	27.94	16	0.86	8	0.43

Statement showing trend over three-year period in number of transactions and average amount per transaction—(Six large stores only)

	Number of transactions to nearest 1,000 only			Average amount per transaction		
	1931-32	1932-33	1933-34	1931-32	1932-33	1933-34
				\$ cts.	\$ cts.	\$ cts.
Winnipeg.....	9,087	8,857	9,428	0 99	0 80	0 74
Vancouver.....	5,696	6,400	6,695	1.22	0.96	0.90
Calgary.....	2,908	2,929	3,090	1.16	0.95	0.86
Edmonton.....	1,916	2,067	2,227	1.08	0.88	0.84
Victoria.....	1,716	1,780	1,838	1.26	1.06	1.03
Saskatoon.....	904	1,217	1,137	1.31	1.05	0.99
Total.....	22,227	23,250	24,415	1.11	0.93	0.87

SPECIAL COMMITTEE

THE HUDSON'S BAY COMPANY

ADMINISTRATION EXPENSES CHARGED to Stores by Stores Administration Office

Years ending January 31	Amount Charged	Actual Expense
	\$ cts.	\$ cts.
1926.....	65,288.25	65,600.24
1927.....	57,638.95	45,887.96
1928.....	93,950.00	80,738.12
1929.....	91,920.00	82,700.36
1930.....	128,742.82	128,742.82
1931.....	180,000.00	108,856.00
1932.....	140,000.00	123,358.49
1933.....		50,397.00 (Not charged out to Stores)
1934.....		Merged with Canadian Committee Office Expenses

AVERAGE NUMBER OF EMPLOYEES in the Departmental Stores division of the business:—

1929.....	4,506
1930.....	4,397
1931.....	3,999
1932.....	3,802
1933.....	3,340
1934.....	3,066

Reduction from 1929 to 1934 approximately 33.3%.

WAGES—WINNIPEG STORE

Average number of employees including Store Executives and Department Managers together with total Payroll and Average Annual Salary

Years ending 31st January	Average Number of Employees in the Store	Total Salaries and Wages including Executives	Average annual salary including Store Executives and Managers
		\$	\$
1927.....	735	905,638	1,232
1928.....	1,469	1,674,218	1,139
1929.....	1,801	1,850,837	1,027
1930.....	1,778	1,797,041	1,011
1931.....	1,367	1,532,177	1,121
1932.....	1,336	1,401,193	1,049
1933.....	1,264	1,209,578	957
1934.....	1,161	1,083,089	932

WINNIPEG STORE—PART-TIME STAFF

Statement showing the increasing percentage of Part-time Female help

Week ending	Part-Time Female Help			Percentage to Total Female Help
	Selling	Non- Selling	Total	
				%
25th March 1930.....	65	39	104	13.0
28th March 1931.....	70	31	101	13.2
26th March 1932.....	89	7	96	14.1
25th March 1933.....	60	23	83	14.2
24th March 1934.....	69	28	97	15.4

THE HUDSON'S BAY COMPANY

WINNIPEG STORE—NUMBER OF EMPLOYEES—VARIOUS GROUPS

—	1930	1931	1932	1933	1934	Reduction since 1930	
						Number	Percentage
Non-Selling—							
Male—Regular.....	479	391	353	296	315	164	34.2
Part-time.....	2	1				2	100.0
Female—Regular.....	371	360	314	250	245	128	34.5
Part-time.....	39	31	7	23	28	11	28.2
Total Non-Selling.....	891	783	674	569	586	305	34.2
	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.	
Percentage of Total excluding Executives.....	62.3	60.8	58.6	57.4	57.1	75.4	
Selling—							
Male—Regular.....	148	130	119	107	112	36	24.3
Part-time.....	4			4	7	3	75.0
Female—Regular.....	322	303	268	251	252	70	21.7
Part-time.....	65	70	89	60	69	4	6.2
Total Selling.....	539	503	476	422	440	99	18.3
	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.	
Percentage of Total excluding Executives.....	37.7	39.2	41.4	42.0	42.9	24.6	
Totals—							
Male—Regular.....	627	521	472	403	427	200	31.9
Part-time.....	6	1		4	7	1	16.6
Female—Regular.....	693	663	582	501	495	198	28.6
Part-time.....	104	101	96	83	97	7	6.7
Totals—Selling and Non-Selling.....	1,430	1,286	1,150	991	1,026	404	28.2
Executives and Managers....	76	67	64	59	60	16	21.0
Total for the Store.....	1,506	1,353	1,214	1,050	1,086	420	27.8

WINNIPEG STORE—SUMMARY OF REDUCTIONS IN AVERAGE WAGE RATES SHOWN ON SCHEDULES W-2 AND W-3

Selling—	p.c.
Regular staff—Male—reduction.....	\$5.77 or 21.3
Part-time staff—Male—reduction.....	0.44 or 2.6
Regular staff—Female—reduction.....	1.91 or 12.7
Part-time staff—Female—increase.....	0.43 or 3.8
Non-Selling—	
Regular staff—Male—reduction.....	\$3.48 or 14.6
Regular staff—Female—reduction.....	1.50 or 10.0
Part-time staff—Female—reduction.....	2.15 or 17.4

Then there is a short summary of the A. J. Freman business that was asked for by the committee. It just gives the history of the company, the financial condition and the operating results. All this is given in the evidence. Then, it gives the wage situation briefly described and taken from the exhibits that have been filed.

MEMORANDUM RE: A. J. FREIMAN LIMITED

History of the Company:

The business was started in a small way by Mr. A. J. Freiman thirty-four years ago as a House Furnishing store. Later a Ready-to-Wear department was added and gradually the business was built up until it is now the largest department store in Ottawa. The company was incorporated in 1921 and was reorganized by Supplementary Letters Patent in 1928, when \$1,000,000 of Preferred stock was offered to the public. There is at present \$928,000 all of which is held by the public, while substantially all the Common stock, consisting of 8,500 shares of a book value of \$475,700, is held by Mr. Freiman and his family. At the time of reorganization Fixed Assets were written up by something over \$300,000 as a result of an appraisal and the equity so realized was used to write off the books an amount of Goodwill which had been shown at \$300,000 for a number of years prior thereto. Preferred and Common stock, therefore, are almost entirely represented by cash which has been put into the business, either in the form of capital or profits ploughed back.

Financial Condition:

Total Assets at the end of the last fiscal year amounted to \$3,598,000, having grown from \$2,019,000 ten years before. Land and Buildings at \$1,640,000 are up almost \$1,000,000 in ten years, accounted for by additional land and buildings purchased and the erection of two additional floors. Accounts and Bills Receivable and Merchandise Inventory have each increased by slightly over \$200,000. Surplus which in January, 1925, amounted to \$362,000 now appears at \$902,000, the increase having been accounted for virtually entirely by profits not paid out as dividends. No Common stock dividends have been paid for the last ten years, but Preferred stock requirements have been met since the issue of the stock in 1928.

Operating Results:

These have been as follows:

—	Sales	Gross Profit	Expensés	Net Profit or Loss
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
1925.....	2,340,355 20	708,532 78	593,484.11	115,048.67
1926.....	2,521,322.64	719,827.13	601,778.17	118,048.96
1927.....	2,752,614.97	807,617.97	677,233.74	130,384.23
1928.....	3,094,680.39	909,769.68	743,105.16	166,664.52
1929.....	3,292,383.22	980,420.80	699,012.13	281,408.67
1930.....	3,916,938.71	1,154,909.71	861,143.85	293,765.86
1931.....	4,021,630.26	1,116,484.10	930,797.23	185,686.87
1932.....	3,824,586.40	1,114,613.63	969,521.29	145,092.34
1933.....	2,866,360.81	849,824.11	851,135.41	1,311.30
1934.....	2,822,416.53	843,591.62	843,782.27	190.65

Percentage of gross profit to cost of sales has been remarkably steady, the variation having been only from 38.43 per cent to 43.42 per cent. The increase in expenses is shown in detail in Statement No. 10, the largest increase having been in salaries and commissions, which includes wages, from just under \$300,000 to \$419,000. The maintained mark-up in each department is shown by Statement No. 11, the net result for the whole store showing gross profit as 43 per cent of cost of sales.

Examples of Price Spreads were obtained for the following departments:—

	Initial Mark-up		Maintained Mark-up
	p.c.	p.c.	p.c.
Furniture.....	91.9	to 27.8	37
Men's Clothing.....	78.3	to 20.7	39
Women's Ready-to-Wear.....	95.2	to 11.1	37
Women's shoes.....	64.4	to 28.5 mark-down	41

In the case of Women's shoes three examples of loss leaders were observed where initial laid-down costs were \$1.05, \$1.21 and \$1.26, the goods each being priced to sell at 88 cents. This is the only example of a loss leader noted in the investigation of this company.

Wages:

Store hours are 9 a.m. to 6 p.m. six days a week, with $1\frac{1}{4}$ hours for lunch, making a $46\frac{1}{2}$ hour week. Overtime is paid at regular rates and no reduction from wages is made for regular or religious holidays upon which the store is closed. Managers and Assistant Managers get 20 per cent and other employees 10 per cent discount on substantially all purchases for their own use. In the last year Managers got 14 days' holiday with pay one day at a time, while in previous years they received two weeks. Other employees up until the last year, when no holidays were given, received one week with pay and one week without pay.

By payment of 15 cents per week each employee is entitled to free medical attention of all kinds. A doctor retained by the company is in the store from 9 to 10 every morning for the purpose of attending to employees, and he also goes to the homes of employees off through sickness or accident. Regular employees are entitled to be paid for one full week of sickness in each year and this is extended in the case of each employee by one week for each year of service with the company. A considerable number of temporary employees are on the payroll, the large number being due to the company's policy of not considering an employee regular until completion of six months' service, and of the policy in the past few years of endeavouring to spread out temporary help to as many of those needing the wages as possible.

Two wage cuts of 10 per cent each went into effect in March, 1932, and May, 1933, but these did not affect employees earning less than \$12 a week, nor did it reduce the wages of any employee to less than \$12 a week. In addition, married men and many others earning \$12 a week were not cut and in effect the last 10 per cent cut worked out to about 5 per cent reduction in the total payroll, rather than 10 per cent. Married men get a minimum of \$18 per week.

Regular employment in January of the last three years has dropped from 336 to 316 to 310, while during the same times temporary help has fluctuated from 250 to 174 to 228. Of 311 regular employees in a certain payroll of January, 1934, 137 were men and 174 were women, and an analysis of the records indicated that these 311 fell into the following categories:—

\$15 and over.....	123
Between \$12 and \$15.....	178
Below \$12.....	10

Those in the latter category, however, consist for the most part of regular employees working on part time through sickness, or in three cases of the same employee working in different departments and shown on the records of each as working at half his or her actual weekly rate.

Then, there is a summary regarding the Dupuis Frères Limitée, which gives the same information, all of which is taken from the evidence that has been filed.

MEMORANDUM RE: DUPUIS FRERES LIMITEE

History and Organization:

The company has been in business since 1868 having been operated as a partnership until 1907. In that year the company was incorporated under Federal Charter which was continued until 1921 when the company was reorganized and a Provincial Charter was obtained, with authorized capital of 20,000 shares of 8 per cent Cumulative Preferred stock, redeemable in 1936, and 20,000 shares of Common stock, each of \$100 par value. In December, 1933, Supplementary Letters Patent were obtained by which the status of the Preferred shares, of which 13,442 remained outstanding, was altered in certain respects affecting dividends and the redeemable feature. These Preferred shares are widely held throughout the Province of Quebec, while the Common stock, except for qualifying Directors' shares, is all held by the President of the company.

A retail store and mail order business, the latter having been commenced in 1928, are operated in the City of Montreal, catering principally to French-speaking custom. A mail order catalogue is issued in both languages, but no outlets are maintained outside of the City of Montreal.

Financial Position:

Balance Sheet shows total Assets of \$5,559,576.73, there having been very little change in total Assets in the past ten years. Merchandise Inventory is carried at \$716,000, having shown a continuous decline in value since the peak year of 1928 when it reached a figure of \$1,767,000. Sinking Fund investments, which consist of Preferred stock bought for redemption, now stand at \$251,300. Land and Buildings stand at \$2,133,000, the lowest figure in the last ten years, while Depreciation Reserve has increased from \$24,760 to \$187,681. Goodwill remains on the books at an amount of \$1,239,920. Surplus stands at \$652,000, the lowest figure in ten years, the peak having been in the year 1930 when it reached \$984,000, while in 1925 it was \$908,000.

Operating Results:

These have been as follows:—

Store Only	Sales	Gross Profit	Expenses	Net Profit
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
1925.....	4,784,258.89	1,457,339.45	1,296,113.98	161,225.47
1926.....	5,242,722.97	1,646,150.91	1,506,422.42	139,728.49
1927.....	5,868,718.05	1,734,122.17	1,606,631.89	127,490.28
1928.....	5,069,352.98	1,604,549.22	1,456,829.76	147,719.46
1929.....	4,619,874.96	1,499,534.72	1,313,142.89	186,391.83
1930.....	4,485,324.84	1,425,523.74	1,286,234.78	139,288.96
1931.....	4,212,917.98	1,424,369.40	1,265,876.92	158,492.48
1932.....	4,111,390.99	1,390,627.24	1,210,517.50	180,109.74
1933.....	3,552,192.16	1,180,437.77	1,108,494.75	71,943.02
1934.....	3,528,471.41	1,138,998.32	1,039,294.74	99,703.58

Mail Order	Sales	Gross Profit	Expenses	Net Loss
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
1928.....	1,799,775.54	521,227.75	531,020.45	9,792.70
1929.....	2,109,542.50	686,317.31	739,072.51	52,755.20
1930.....	2,302,318.27	736,744.78	742,652.37	5,907.59
1931.....	2,042,821.14	622,902.94	764,775.58	141,872.64
1932.....	2,056,130.22	673,045.54	711,043.85	37,998.32
1933.....	1,400,039.60	476,047.71	545,537.29	69,489.58
1934.....	1,048,632.35	340,419.56	408,969.64	68,550.08

The percentage of gross profit to cost of sales, usually referred to as maintained mark-up, for the whole store was 53.7 per cent while for the mail order division it was 56.60 per cent.

Examples of price spreads were obtained for the following departments:—

	Initial Mark-up		Maintained Mark-up
	From	% to %	%
Of the Store—			
Men's shoes.....	119	to 29	53
Men's overalls and work shirts.....	116	to 19	50.9
Furniture.....	85.7	to 4	44.6
Women's underwear, silk.....	130	to 7	47.4
Women's shoes.....	122	to 17	49
Mail Order—			
Ladies' sweaters and dresses.....	101.5	to 26	47.9

Wages

The regular week is 50 hours; overtime is paid at regular rates; and one week's holiday each year is allowed to all employees who have been with the company over one year. All employees make a contribution for sickness insurance to the Catholic Syndicate which is under the management of their own representatives and to which the company also contributes from \$1,000 to \$1,500 per annum.

During the week of 10th January, 1934, there were 785 regular employees, exclusive of managers and executives, of which 325 were men and 460 were women. Of the 325 men 136 were receiving \$18 and over; 56 were receiving between \$15 and \$18; 46 were receiving between \$12 and \$15; 43 were receiving between \$8 to \$12; and 44 were receiving less than \$8. Of the 460 women, 7 were receiving over \$18; 27 were receiving between \$15 and \$18; 34 were receiving between \$12 and \$15; 299 were receiving between \$8 and \$12; and 103 were receiving less than \$8.

Then, there is a similar statement in regard to Henry Morgan and Company Limited. In this connection the committee will understand, as I explained, when we put it in, we did not make this investigation. This is taken from the information supplied us by Creak, Cushing, Hodgson, Montreal.

MEMORANDUM *RE* HENRY MORGAN & CO. LIMITED

(Based on information supplied by Creak, Cushing & Hodgson, C.A.)

This Company is owned and operated by the Morgan family by whom it was started in the last century.

Wholly owned subsidiaries consist of:

1. The Morgan Trust Company, which acts as collection agent for goods sold by the store on the deferred payment plan; operates a storage department; and administers a few private estates.

2. Morgan Realities Limited, which owns the store and leases it to the operating company, who pay rental for the use of it. It also owns and administers certain other real estate.

3. Dominion Motor Car Company, which paints and repairs motor cars.

A factory is operated a short distance from the store, its output consisting of painting and decorating, polishing of furniture and floors, upholstery and curtain making, carpet making and laying, carpet cleaning and washing, cabinet and furniture making to order, and electrical and plumbing work.

Sales, expenses and net profits for the past 10 years have been as follows
(See page 4):—

	\$
Gross profit in the past year amounted to.....	1,374,000
Cost of sales.....	3,195,000
	%
Percentage of maintained mark-up over the whole store.....	43

Examples of price spreads submitted were as follows:—

	SPREAD compared to	Maintained
	%	GROSS PROFIT %
Men's Clothing.....	93.6 down to 3.3	42
Furniture Department.....	154.3 down to 41	32.2
Women's Shoes.....	122 down to 38.9	45.8
Women's Ready-to-Wear.....	146.8 down to 20	
Coats and Suits.....		43.2
Dresses.....		21.4

Consignments are not a large factor although they have grown from \$55,553 in the year ending January, 1930, to \$82,286 in the 11 months ending 31st December, 1933, the inventory of such goods held at that latter date being \$32,864.51.

Newspaper lineage has shown a slight decrease in the last five years, having dropped from 2,583,000 lines in 1930 to 2,431,000 lines in the year ending 31st January, 1934.

Schedule No. 6 outlines the general conditions of employment. An employees' Benefit Fund is maintained to which a share of profits when earned is credited, and in addition a bonus ledger is maintained to which a share of profits is credited, each employee being entitled to draw the amount standing to his credit, one-third after 7 years' service, two-thirds after 14 years' service, and the final amount after 21 years' service. The last credit, which was in 1929, amounted to nearly \$58,000. In addition a cash bonus is paid in profitable times, the last distribution being in 1930, which amounted to approximately \$63,000. Employees are allowed 20 per cent discount on all purchases.

Employees are entitled to one week's holiday per annum with full pay after six months' service, and two weeks after one year's service. Half pay is paid for sick leave up to one month and doctor's services and medicine are provided free.

The two Schedules marked No. 1 show a classification of Sales Clerks' wages, the first being for males and the second for females:—

	November 1930	November 1932	November 1933
Total Male Sales Clerks.....	211	167	187
Of these totals those receiving:			
Under \$35 per month were.....	7	7	6
Under \$50 per month were.....	25	29	26
Under \$80 per month were.....	46	62	73
Total Female Sales Clerks.....	392	303	407
Of these totals those receiving:			
Under \$35 per month were.....	40	69	112
Under \$50 per month were.....	152	208	262
Under \$80 per month were.....	322	282	*371

*91% of the 407 females employed.

The two Schedules marked No. 2 show the same information in respect to Expense wages:—

	November 1930	November 1932	November 1933
Total men employed.....	253	286	294
Receiving under \$35 per month.....	64	45	43
Receiving under \$50 per month.....	85	67	73
Receiving under \$80 per month.....	228	211	218
Total females employed.....	293	242	263
Receiving under \$35 per month.....	184	157	184
Receiving under \$50 per month.....	224	201	226
Receiving under \$80 per month.....	273	231	*254

*96% of all females employed.

The following table shows the number and salaries of Department Managers and Executives for the years in question:—

	1930		1932		1933	
	Number	Salary	Number	Salary	Number	Salary
		\$ cts.		\$ cts.		\$ cts.
Department Managers.....	33	137,948.17	33	112,562.36	36	111,265.77
	Average	4,180.25	Average	3,410.98	Average	3,090.71
Executives.....	8	93,700.00	7	57,417.75	6	44,678.25
	Average	11,712.50	Average	8,202.54	Average	7,446.38

Number of employees as at 1st November each year and wages paid for the first week in November have been as follows:—

	1930	1932	1933
Number of Employees.....	1,428	1,147	1,260
	\$ cts.	\$ cts.	\$ cts.
Wages paid.....	10,930.88	7,093.08	7,041.23

In October, 1931, a cut of 10 per cent was made on all salaries, including Executive Officers and Directors, but excluding juniors. On 1st May, 1932, a further cut ranging from 5 per cent to 10 per cent was made on senior staff, Executive Officers and Directors.

There are 51 employees with over 21 years' service, 15 employees with over 30 years' service; and 7 employees with over 40 years' service; all of whom are drawing annually their share of the interest on the superannuation fund. From this fund \$174,000 has been paid out to employees in the last 10 years.

The earnings of over \$2,000,000 for the last 10 years were distributed as follows:—

	%
To employees.....	38.8
To Directors.....	12.8
In dividends.....	38.6
Reserve.....	9.8

	Sales	Gross Profit	Expenses	Net Profit or Loss
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
1924.....	5,921,862.00	1,974,991.00	1,652,820.00	322,171.00
1925.....	6,446,416.00	2,066,558.00	1,748,186.00	318,372.00
1926.....	7,813,455.00	2,459,409.00	1,971,573.00	487,836.00
1927.....	8,684,910.00	2,843,588.00	2,315,918.00	527,670.00
1928.....	9,489,942.00	3,195,134.00	2,584,761.00	610,373.00
1929.....	9,652,542.00	3,189,366.00	2,696,089.00	493,277.00
1930.....	8,368,465.00	2,766,728.00	2,620,903.00	145,825.00
1931.....	6,400,726.00	2,237,547.00	2,275,185.00	37,638.00
1932.....	4,797,314.00	1,500,451.00	2,010,042.00	509,591.00
1933 (11 mos.).....	4,835,803.00	1,492,369.00	1,787,345.00	294,976.00

Then there were two or three questions we were requested to answer; one was in regard to the executive salaries of the Dupuis Frères business, and so as the record may be complete, I am filing a statement for ten years, showing the number of executives, the total salaries paid to them, the average as well over the five, and the number of employees side by side, so that the committee can study them if they wish to. Then there is similar information in regard to Henry Morgan Company, also as requested.

DUPUIS FRERES LIMITEE

Year	Executives			Employees		
	Number	Total Salaries	Average Salary	Number	Wages not including Commissions	Average Wage
		\$	\$		\$	\$
1925.....	5	72,000	14,400	827	661,021	799
1926.....	5	72,000	14,400	1,067	722,659	677
1927.....	5	79,200	15,840	1,040	753,730	725
1928.....	5	79,200	15,840	821	704,341	854
1929.....	5	79,200	15,840	755	700,917	928
1930.....	5	79,200	15,840	734	682,824	930
1931.....	5	96,000	19,200	688	664,088	965
1932.....	5	86,400	17,280	655	639,602	976
1933.....	5	73,440	14,688	650	562,613	866
1934.....	5	73,440	14,688	661	534,533	809

HENRY MORGAN & CO. LIMITED

Year	Executives				Employees			
	Number	Salary	Bonus	Average Remuneration	Number	Wages	Bonus	Average Remuneration
		\$	\$	\$		\$	\$	\$
1924.....	8	67,200	36,000	12,900	.....	761,416	60,721	.....
1925.....	8	68,200	36,000	13,025	.....	848,145	67,192	.....
1926.....	8	78,700	36,000	14,338	1,083	889,867	74,593	890
1927.....	8	74,700	36,000	13,838	1,252	1,050,231	81,411	904
1928.....	8	89,700	42,000	16,462	1,390	1,157,853	100,928	906
1929.....	8	89,700	42,750	16,556	1,418	1,245,720	97,684	954
1930.....	8	89,700	18,000	13,462	1,329	1,243,389	44,919	970
1931.....	8	78,771	Nil	9,846	1,266	1,104,087	Nil	872
1932.....	7	54,088	Nil	7,727	1,130	844,916	Nil	748
1933*.....	6	41,708	Nil	6,951	1,154	785,805	Nil	681

*11 months.

Then before we come to the combined statements, I should like to touch upon the evidence given by Mr. Richardson in regard to the wages and salaries paid in Winnipeg. He explained, I think, that the Winnipeg summary was incomplete; it did not include the complete payroll, which he has since prepared, and I think it might be filed in the place of statement WW-1 in regard to the T. Eaton Company. It gives the picture complete, not half the picture as was filed in WW-1. If that could be filed instead of the other statement, or, rather than take the document out of the file, attach this one to it, and it would make a more complete statement.

Q. WW-1 is in the record, and this will be WW-1A, and will be the corrected statement for WW-1.

THE T. EATON CO. LIMITED

STATEMENT OF WAGES AND SALARIES PAID AT ALL WINNIPEG UNITS (EXCLUDING BONUSES) FOR THE YEARS 1929 TO 1933 INCLUSIVE

	1929	1930	1931 (50 Weeks)	1932	1933
	\$	\$	\$	\$	\$
Sales.....	1,427,000	1,359,000	1,186,000	1,056,000	968,000
Sales Expense.....	974,000	910,000	810,000	724,000	668,000
General Expense.....	2,305,000	2,109,000	1,850,000	1,610,000	1,427,000
Work Rooms.....	520,000	517,000	427,000	359,000	310,000
Factories.....	792,000	752,000	638,000	567,000	507,000
Mail Order.....	1,939,000	1,652,000	1,332,000	1,227,000	1,135,000
Total.....	7,957,000	7,299,000	6,243,000	5,543,000	5,015,000

I was requested to endeavour to put together the figures of the department stores, so as to give the committee a picture of the whole of the companies that were covered by us. A lot of figures have been put in, and it is a little confusing to a great many people as to what particular store is being dealt with and how it affects the picture as a whole, so I think it would be of use. I have only a few of these statements because I had to type them on short order.

Q. This is a comparative statement of the combined assets and liabilities of all the companies?—A. Yes; it is not as complete as I should like to have it. In the time we had it was not possible to give all the information, but I would just like, with the permission of the committee, to file one or two statements supplemental to this, and amplify the information here.

DEPARTMENT STORES

COMPARATIVE STATEMENT OF THE COMBINED ASSETS AND LIABILITIES OF THE FOLLOWING COMPANIES AND THEIR SUBSIDIARIES:—THE T. EATON CO., LIMITED, THE ROBERT SIMPSON COMPANY, HUDSON'S BAY COMPANY, WOODWARDS STORES LIMITED, DAVID SPENCER LIMITED, ARMY AND NAVY DEPARTMENT STORES, A. J. FREIMAN LIMITED, HENRY MORGAN AND CO. LIMITED, AND DUPUIS FRERES LIMITEE.

NOTE.—All amounts shown to the nearest \$1,000.

—	1925	1926	1927	1928	1929	1930	1931	1932	1933
	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS									
Cash and Bank.....	747	681	714	953	933	931	1,163	1,292	1,796
Investments.....	16,597	19,614	20,481	17,760	16,894	15,008	17,105	16,105	16,887
Accounts Receivable (less reserves).....	8,487	9,312	12,220	14,884	18,514	18,929	16,759	14,070	13,792
Merchandise Inventories..	29,079	32,089	35,595	43,735	43,584	39,540	34,156	31,609	13,754
	54,910	61,696	69,010	77,332	79,925	74,408	69,183	63,070	64,229
Fixed Assets less reserves for depreciation (including appreciation through Appraisals).....	42,856	55,592	66,884	79,872	113,722	124,533	129,127	128,154	125,445
Investment in and advances to Subsidiaries.....	2,499	2,544	2,405	3,558	4,335	3,879	4,315	4,314	4,673
Other assets	2,371	2,183	2,294	2,784	3,083	3,202	2,962	2,715	2,690
Goodwill.....	2,460	2,460	2,460	2,160	2,160	2,298	2,160	2,160	2,160
	105,096	124,475	143,053	165,706	203,225	208,320	207,747	200,419	199,197
LIABILITIES									
Bank loans and overdrafts	4,899	7,369	6,282	12,321	11,472	11,390	10,171	5,929	4,496
Accounts Payable.....	11,462	14,589	14,665	16,686	16,896	14,412	14,223	13,439	14,862
Customers' and Employees' Deposit Accounts...	14,264	10,882	11,907	13,760	12,624	11,944	10,820	10,109	9,530
	30,625	32,840	32,854	42,767	40,992	38,286	35,214	29,477	28,888
Mortgages.....	2,860	5,657	6,714	6,721	6,592	8,441	8,175	7,845	7,623
Retirement and Profit-Sharing Funds.....	2,599	2,870	2,996	3,396	3,456	3,784	3,495	3,682	3,646
Bonds and Debentures....	12,298	16,793	17,294	17,687	34,204	35,686	35,032	34,677	33,920
	48,382	58,160	59,858	70,571	85,244	86,197	81,916	75,681	74,077
Capital.....	26,581	30,867	40,829	47,786	66,077	70,788	79,308	78,950	78,764
Surplus and Free Reserves	30,133	35,448	42,366	47,349	51,904	51,335	46,523	45,788	46,356
	105,096	124,475	143,053	165,706	203,225	208,320	207,747	200,419	199,197

DEPARTMENT STORES

RELATIONSHIP OF TOTAL PROFITS AND SALES TO TOTAL ASSETS AND CAPITAL INVESTMENTS FOR THE T. EATON CO. LIMITED, THE ROBERT SIMPSON COMPANY LIMITED, HUDSON'S BAY COMPANY, WOODWARDS STORES LIMITED, DAVID SPENCER LIMITED, ARMY AND NAVY DEPARTMENT STORES, A. J. FREIMAN LIMITED, HENRY MORGAN AND CO. LIMITED, AND DUPUIS FRERES LIMITEE (COMBINED FIGURES).

NOTE.—All amounts shown to the nearest \$1,000.

	1925	1926	1927	1928	1929	1930	1931	1932	1933
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Current assets less Current Liabilities...	22,738	26,636	33,794	31,850	37,119	33,082	30,570	29,939	31,683
Fixed Assets less Reserves for Depreciation...	46,869	59,562	70,695	83,604	116,863	128,221	133,074	132,249	129,788
Prepaid Charges and other Assets	1,473	1,654	1,794	3,097	3,807	3,952	4,217	4,009	4,232
Goodwill ..	920	920	920	920	920	920	920	920	920
Total Assets less Current Liabilities.....	72,000	88,772	107,203	119,471	158,709	166,175	168,781	167,117	166,623
Total Capital Investment, including Bonds, Debentures, Mortgages, Advances from Head Office, Preferred and Common Share Capital, and Surplus	72,000	88,772	107,203	119,471	158,709	166,175	168,781	167,117	166,623
Total Sales.....	248,467	268,768	295,602	339,878	359,199	329,143	282,144	235,830	227,313
Approximate Net Profits after providing for depreciation and interest and debentures held by employees, but before interest on bonds and mortgages, income taxes and dividends.....	8,898	11,095	12,689	12,400	9,965	4,823	589	1,014	3,782

DEPARTMENT STORES

RELATIONSHIP OF TOTAL PROFITS AND SALES TO TOTAL ASSETS AND CAPITAL INVESTMENT FOR THE T. L. PATON CO. LIMITED, THE ROBERT SIMPSON COMPANY LIMITED AND HUDSON'S BAY COMPANY (COMBINED FIGURES).

NOTE.—All amounts shown to the nearest \$1,000.

—	1925	1926	1927	1928	1929	1930	1931	1932	1933
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Current Assets less Current Liabilities.....	20,363	25,293	30,237	26,731	31,304	26,909	24,067	23,942	26,205
Fixed Assets less Reserve for Depreciation.....	33,728	43,970	54,728	67,417	99,702	111,087	110,966	110,272	107,793
Prepaid Charges and other Assets.....	1,082	1,180	1,337	2,538	3,179	3,276	3,563	3,423	3,513
Total Assets less Current Liabilities.....	55,173	70,443	86,302	96,786	134,185	141,272	138,596	137,637	137,511
Total Capital Investment, including Bonds, Debentures, Mortgages, Advances from Head Office Preferred and Common Share Capital, and Surplus.....	55,173	70,443	86,302	96,786	134,185	141,272	138,596	137,637	137,511
Total Sales.....	216,583	231,595	251,582	291,109	309,367	282,821	242,436	199,683	192,140
Approximate Net Profits after providing for depreciation and interest and debentures held by employees, but before interest on bonds and mortgages, income taxes and dividends.....	7,659	9,534	10,761	9,771	7,339	3,348	1,652	1,097	3,212

DEPARTMENT STORES

RELATIONSHIP OF TOTAL PROFITS AND SALES TO TOTAL ASSETS AND CAPITAL INVESTMENT FOR WOODWARDS STORES LIMITED, DAVID SPENCER LIMITED, ARMY & NAVY DEPARTMENT STORES, A. J. FREIMAN LIMITED, HENRY MORGAN AND CO. LIMITED, AND DUPUIS FRERES LIMITEE (COMBINED FIGURES).

NOTE.—All amounts shown to the nearest \$1,000.

—	1925	1926	1927	1928	1929	1930	1931	1932	1933
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Current Assets less Current Liabilities.....	2,375	1,343	3,557	5,019	5,815	6,175	6,503	5,997	5,478
Fixed Assets less Reserves for Depreciation.....	13,141	15,592	15,967	16,187	17,161	17,134	22,108	21,977	21,995
Prepaid Charges and other Assets.....	391	474	457	559	628	676	654	586	719
Goodwill.....	920	920	920	920	920	920	920	920	920
Total Assets less Current Liabilities.....	16,827	18,329	20,901	22,685	24,524	24,903	30,185	29,480	29,112
Total Capital Investment, including Bonds, Debentures, Mortgages, Preferred and Common Share Capital and Surplus.....	16,827	18,329	20,901	22,685	24,524	24,903	30,185	29,480	29,112
Total Sales.....	31,684	37,173	44,020	48,769	49,832	46,322	39,708	36,137	35,173
Approximate net profits after providing for depreciation but before interest on bonds and mortgages, income taxes and dividends.....	1,239	1,561	1,928	2,629	2,626	1,475	1,063	83	570

COMBINED TOTAL SALES AND COMBINED OPERATING RESULTS OF TWENTY-TWO DEPARTMENT STORES AND MAIL ORDER WAREHOUSES OPERATED BY THE T. EATON CO. LIMITED, THE ROBERT SIMPSON COMPANY LIMITED, HUDSON'S BAY COMPANY, HENRY MORGAN & CO. LIMITED, DUPUIS FRERES LIMITEE, A. J. FREIMAN LIMITED, WOODWARD STORES LIMITED, DAVID SPENCER LIMITED AND ARMY AND NAVY DEPARTMENT STORES

Note.—All amounts shown to the nearest \$1,000.

	1925		1926		1927		1928		1929		1930		1931		1932		1933	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Total Sales.....	248,467	.....	268,768	.....	294,747	.....	338,142	.....	357,206	.....	327,328	.....	283,892	.....	233,018	.....	224,550	.....
Sales through seventeen different Stores and five Mail Order Warehouses.....	225,394	100.0	244,810	100.0	265,554	100.0	284,637	100.0	283,938	100.0	258,783	100.0	230,238	100.0	190,234	100.0	184,753	100.0
Percentage of total sales shown above.....	90.7%	.....	91.1%	.....	90.1%	.....	84.2%	.....	79.5%	.....	79.1%	.....	81.1%	.....	81.6%	.....	82.3%	.....
Cost of Sales.....	168,227	74.6	180,951	74.0	194,367	73.2	207,153	72.8	206,475	72.7	188,343	72.8	167,468	72.7	136,982	72.0	131,805	71.3
Gross Profit.....	57,167	25.4	63,889	26.0	71,187	26.8	77,484	27.2	77,463	27.3	70,440	27.2	62,770	27.3	53,252	28.0	52,948	28.7
Percentage of Gross Profit to Cost of Sales.....	34.0%	.....	35.3%	.....	36.6%	.....	37.4%	.....	37.5%	.....	37.4%	.....	37.5%	.....	38.9%	.....	40.2%	.....
Operating Expenses (including interest charged to Departments).....	49,806	22.1	54,545	22.3	60,623	22.8	65,675	23.1	68,274	24.0	66,698	25.8	63,995	27.8	55,382	29.1	51,814	28.0
Net Profit.....	7,361	3.3	9,344	3.7	10,564	4.0	11,809	4.1	9,189	3.3	3,742	1.4	1,225	0.5	2,430	1.1	1,134	0.7
Mail Order Sales of two Companies from five Mail Order Warehouses.....	69,628	100.0	70,417	100.0	70,305	100.0	68,062	100.0	59,584	100.0	48,805	100.0	42,947	100.0	36,278	100.0	37,700	100.0
Cost of Sales.....	51,620	74.1	51,775	73.5	50,932	72.4	49,250	72.4	42,977	72.1	35,180	72.0	31,053	72.3	25,696	70.8	26,501	70.3
Gross Profit.....	18,008	25.9	18,642	26.5	19,373	27.6	18,812	27.6	16,607	27.9	13,715	28.0	11,894	27.7	10,582	29.2	11,199	29.7
Percentage of Gross Profit to Cost of Sales.....	34.9%	.....	36.9%	.....	38.0%	.....	38.2%	.....	38.6%	.....	39.0%	.....	38.3%	.....	41.2%	.....	42.3%	.....
Expenses (including interest charged to Departments).....	14,028	20.1	14,561	20.7	15,069	21.4	15,281	22.4	14,672	24.6	13,205	27.0	12,284	28.6	10,627	29.3	10,079	26.7
Net Profit.....	3,980	5.8	4,081	5.8	4,304	6.2	3,531	5.2	1,935	3.3	510	1.0	396	0.9	45	0.1	1,120	3.0

DEPARTMENT STORES—APPROXIMATE COMBINED OPERATING STATEMENT—1925 TO 1933—ARRANGED BY CITIES

NOTE.—All amounts shown to the nearest \$1,000.

	1925	1926	1927	1928	1929	1930	1931	1932	1933
<i>Toronto</i> (The T. Eaton Co. Limited and The Robert Simpson Company Limited—combined figures)—									
Sales.....	\$ 73,614	\$ 77,105	\$ 80,461	\$ 86,620	\$ 90,428	\$ 86,262	\$ 77,416	\$ 61,583	\$ 58,191
Cost of Sales, including workroom costs.....	54,765	56,734	58,583	62,890	65,832	63,126	56,445	44,226	40,977
Gross Profit.....	18,849	20,371	21,878	23,730	24,596	23,136	20,971	17,357	17,214
Percentage of Gross Profit to Cost of Sales.....	34.4%	35.9%	37.3%	37.7%	37.4%	36.7%	37.2%	39.2%	42.0%
Expenses, including Interest charged Department- ments.....	16,711	17,216	17,797	19,681	21,695	21,746	21,253	18,622	17,585
Net Operating Profit or Loss.....	2,138	3,155	4,081	4,049	2,901	1,390	282	1,265	371
Percentages of Sales—									
Sales.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales, including workroom costs.....	74.4	73.6	72.8	72.6	72.8	73.2	72.9	71.8	70.4
Gross Profit.....	25.6	26.4	27.2	27.4	27.2	26.8	27.1	28.2	29.6
Expenses.....	22.7	22.3	22.1	22.7	24.0	25.2	27.5	30.2	30.2
Net Operating Profit or Loss.....	2.9	4.1	5.1	4.7	3.2	1.6	0.4	2.0	0.6
<i>Montreal</i> (The T. Eaton Co. Limited, the Robert Simpson Company Limited, Henry Morgan & Co. Limited and Dupuis Freres Limitee—combined figures)—									
Sales.....	\$ 24,049	\$ 30,004	\$ 35,568	\$ 39,722	\$ 42,409	\$ 40,329	\$ 36,385	\$ 30,256	\$ 29,375
Cost of Sales, including workroom costs.....	17,930	21,458	25,255	27,880	29,978	28,563	25,599	21,331	20,656
Gross Profit.....	6,119	8,546	10,313	11,842	12,431	11,766	10,786	8,925	8,719
Percentage of Gross Profit to Cost of Sales.....	34.1%	39.8%	40.8%	42.5%	40.8%	41.2%	42.1%	41.8%	42.2%
Expenses, including Interest charged Department- ments.....	6,501	7,513	9,127	10,108	10,486	10,632	10,751	9,565	9,158
Net Operating Profit or Loss.....	382	1,034	1,186	1,734	1,945	1,134	35	640	439
Percentages of Sales—									
Sales.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales, including workroom costs.....	74.6	71.5	71.0	70.2	70.7	70.8	70.4	70.5	70.3
Gross Profit.....	25.4	28.5	29.0	29.8	29.3	29.2	29.6	29.5	29.7
Expenses.....	27.0	25.0	25.7	25.4	24.7	26.4	29.5	31.6	31.2
Net Operating Profit or Loss.....	1.6	3.5	3.3	4.4	4.6	2.8	0.1	2.1	1.5

<i>Vancouver</i> (Hudson's Bay Company, Woodward's Stores Limited and David Spencer Limited—combined figures)— Sales..... Cost of Sales, including workroom costs.....	\$ 22,825 17,088	\$ 26,620 19,922	\$ 30,776 22,780	\$ 31,322 25,043	\$ 35,267 25,316	\$ 32,291 23,327	\$ 29,629 21,641	\$ 23,893 17,299	\$ 23,393 16,882
Gross Profit..... Percentage of Gross Profit to Cost of Sales..... Expenses, including Interest charged Departments.....	5,737 33.6% 4,916	6,698 33.6% 5,910	7,996 35.1% 7,057	9,279 37.0% 7,525	9,951 39.3% 8,097	8,964 38.4% 7,997	7,988 36.9% 7,737	6,594 38.1% 6,286	6,511 38.6% 5,695
Net Operating Profit.....	821	788	939	1,754	1,854	967	251	308	816
Percentages to Sales— Sales.....	% 100.0	% 100.0	% 100.0	% 100.0	% 100.0	% 100.0	% 100.0	% 100.0	% 100.0
Cost of Sales, including workroom costs..... Gross Profit..... Expenses.....	74.9 25.1 21.5	74.8 25.2 22.2	74.0 26.0 22.9	73.0 27.0 21.9	71.8 28.2 23.0	72.2 27.8 24.8	73.0 27.0 26.1	72.4 27.6 26.3	72.2 27.8 24.3
Net Operating Profit.....	3.6	3.0	3.1	5.1	5.2	3.0	0.9	1.3	3.5
<i>Winnipeg</i> (The T. Eaton Co. Limited and Hudson's Bay Company—combined figures)— Sales..... Cost of Sales, including workroom costs.....	\$ 28,225 21,726	\$ 32,136 24,850	\$ 37,971 29,120	\$ 43,560 33,065	\$ 43,327 32,941	\$ 38,579 28,919	\$ 32,282 24,162	\$ 27,848 20,758	\$ 25,978 19,437
Gross Profit..... Percentage of Gross Profit to Cost of Sales..... Expenses, including Interest charged Departments.....	6,499 29.9% 5,777	7,336 29.5% 7,231	8,851 30.4% 9,095	10,495 31.7% 10,231	10,386 31.5% 10,140	9,650 33.4% 9,496	8,120 33.6% 8,489	7,090 34.2% 7,327	6,541 33.7% 6,623
Net Operating Profit or Loss.....	722	105	244	264	246	164	369	237	82
Percentages to Sales— Sales.....	% 100.0	% 100.0	% 100.0	% 100.0	% 100.0	% 100.0	% 100.0	% 100.0	% 100.0
Cost of Sales, including workroom costs..... Gross Profit..... Expenses.....	77.0 23.0 20.5	77.2 22.8 22.5	76.7 23.3 23.9	75.9 24.1 23.5	76.0 24.0 23.4	75.0 25.0 24.6	74.8 25.2 26.3	74.5 25.5 26.3	74.8 25.2 25.5
Net Operating Profit or Loss.....	2.5	0.3	0.6	0.6	0.6	0.4	1.1	0.8	0.9

The first statement that you have is nine department stores, exclusive of Ogilvy's, which formed such a small part of the picture. This is a picture of the nine department stores investigated by us, and it gives the total of the assets divided conveniently into the cash group, into the investment group, into the accounts, debtors, inventories—

Q. That is the fixed assets?—A. Shown in one group.

Q. In thousands of dollars?—A. All in thousands of dollars.

Q. The cash position in 1925, we will say, is \$747,000?—A. \$747,000, yes. The investment group, that is investments and advances to subsidiaries, other assets of various kinds like deferred charges and so on, and goodwill. Then, we have liabilities. We have divided them into three main groups. The first group are those payable to creditors, as it is generally understood, immediately demandable. Then, follow liabilities like mortgages and bonds held by the public and debentures, as in the case of one company held by employees, retirement and profit-sharing funds, and then it shows capital and the surplus and free reserves, the last item in the last group.

Q. Then the next statement?—A. Unfortunately our stenographic staff fell down on this one, before the committee met this afternoon, but I can file with you a pen copy, and have it typewritten and attached to the last one. I had it written out a second time. The second statement is a statement from this statement on the file of exhibits in connection with the various department stores investigated, and it shows the relationship of the profits and the sales to the assets and to the capital investment of the nine department stores.

The CHAIRMAN: These are in thousands of dollars?

The WITNESS: These are all in thousands of dollars; and while I would not at this juncture like to draw a final conclusion from this, there are some interesting features, as you will note the growth of the assets from 1925. These are net assets, but I might explain these are assets after liabilities.

Q. Where is that?—A. At the end of the first group on the left-hand side, total assets less current liabilities. You see the growth of assets from \$72,000,000 to a peak of \$168,000,000, which is, of course, represented by the investment of the shareholders and the investment of the public. It shows the sales which have grown from \$248,000,000 to a peak of \$359,000,000, and it shows below the profits. These are all the companies combined.

Q. That will be put in?—A. I will see it is put in its place, as the second statement in this group.

Q. That goes in as the second page. Then the next?—A. The statement following that, the next one in line, is the relationship of total profits and sales to the total assets and capital investment of the three major stores only, the T. Eaton Company, Limited, the Robert Simpson Company, Limited, and the Hudson Company. It is arranged in exactly the same way, but it is of the three big stores instead of the group of ten. The statement immediately following that again gives the same information in regard to the six smaller stores, and the figures are arranged in exactly the same way.

The next statement is a statement of the combined total sales and the total operating results of the companies, which comprise 22 department stores and mail order warehouses. That is all those combined out of the group of 9.

Q. The 9 operate 22 department stores and mail order houses?—A. Yes.

Q. Yes?—A. This shows the sales complete, and then it shows the sales—we didn't take the sales for the whole of the 22 department stores in the second portion of the statement because they were not readily available in some of the smaller units. We took the sales of the 17 larger units; they have mail order warehouses; and we show there what is commonly known as the dollar sales value, that is the dollars of sales. We start off with the sales and work down through it, showing the cost of sales, the gross profit, both on cost of sales and

on sales, and the net profit. That shows you, amongst other things, the operating expenses of these units as a whole, divided in the first half by stores and in the second part by mail order warehouses. I would like to just say in regard to this statement that, of course, it should be remembered in studying it and drawing any conclusions from it, that the figures are predominated and must be so by the largest of the organizations, and to that extent the percentages are not wholly reliable as to the business of the department stores throughout Canada.

Q. Of each of them?—A. Yes, of each of them. Because when one company has a much larger business than most of the other companies, naturally its figures and its percentages will predominate the whole. But it is interesting in the light of the information that has been given in regard to all the department stores; and is as a unit of department stores throughout Canada comparable to those statements of sales and expenses which have been given individually in regard to each of the separate department stores.

Q. Yes?—A. Then the next statement is the break-up of that last statement, but divided by territories to show the sales, cost of sales, profits and the percentages as I have described in the last one, separated as to Toronto and Montreal, Vancouver, and Winnipeg. That means separated as to the business emanating primarily from those four centres. It does not mean only goods sold in Toronto, but the business which is conducted through the central office.

Q. That would include the mail order business operated from Toronto, would it not?—A. No.

Q. Or Montreal?—A. The stores.

Q. Just the stores?—A. Yes.

Q. It is not the mail order?—A. No, the mail order is not included in this statement.

Q. This is the store business?—A. Yes.

Q. In that connection, would it include the store business of the subsidiaries like Canadian Department Stores?—A. No, it is just the main stores.

Q. Just the main stores?—A. Yes.

Q. I am sure the committee appreciate the completeness of these reports and summaries?—A. I might say there, Mr. Sommerville—as I perhaps may not be again before the committee or only at a later date if there is anything we have to explain—I don't want to leave the committee with any misunderstanding as to how these percentages could be used or compared with others. I wanted to explain this point without taking up too much time.

By Mr. Factor:

Q. This is the gross profit?—A. The profit and the expenses. I am speaking particularly of the expenses and the gross profit; that they are, as I said, comparable with individual statements that we have filed for department stores. I would not like them to be used as wholly comparable to individual retailers' figures, because the business of department stores is carried out quite differently. There, as we have seen in the case of the larger stores, there are the head office expenses which are included in the departmental stores as a percentage and charged against the department stores, based upon the costs of running the establishment as a whole. But some of these expenses would not be included in the case of the smaller retailer. For instance, in the larger stores they include head office interest charge, and they provide for executives' remuneration and so on which is borne by head office as a percentage charged against the operations. They show, in other words, the expenses which the operating units are expected to meet, and certain other expenses that are borne by the head office organization as a whole.

By Mr. Sommerville:

Q. Apart from what are shown here?—A. Yes, although the majority of the expenses are included. But they are not wholly comparable with the independent retailer. It would need greater study to get them quite in that line.

Mr. SOMMERVILLE: Thank you, Mr. Nash.

The witness retired.

LEONARD W. FRASER, called and sworn.

By Mr. Sommerville:

Q. Mr. Fraser, at the request of the committee you made an inquiry into conditions in the fishing industry in Nova Scotia, New Brunswick, Prince Edward Island and Quebec?—A. Yes.

Q. You have prepared an interim report for the committee in connection with that inquiry?—A. Yes.

(Mr. Fraser's report printed in full in appendix to this day's record.)

Q. I would like you, if you would be good enough, to tell us just how extensive this inquiry was?—A. The course and scope of the inquiry are set out fully in the report. The following cities, towns and villages were visited in the province of Nova Scotia: Halifax, Digby—

Q. Perhaps you can just give us the number?—A. Yes, there were 22 cities, towns and villages visited in the province of Nova Scotia.

Q. Twenty-two cities, towns and villages, fishing communities in Nova Scotia, visited?—A. They were not all fishing villages. Two points had reference only to retail markets.

Q. Yes?—A. In New Brunswick 13 fishing communities were visited.

Q. Yes?—A. In Nova Scotia conferences were held with officials of 29 companies or dealers.

Q. Yes?—A. In New Brunswick, 13 dealers and companies were investigated.

Q. Yes?—A. The investigation also involved ten wholesale companies in the cities of Toronto and Montreal, while during the course of the inquiry twenty-six retail firms were investigated.

Q. Mostly in outlets at Montreal, Toronto?—A. Montreal, Toronto.

Q. Saint John and Ottawa?—A. Halifax and Sydney.

Q. Then in the course of your inquiry you visited individual fishermen? A. I had conferences, or perhaps I should say interviews, with several hundred fishermen at the points I have already mentioned in New Brunswick and Nova Scotia; and delegations of representative fishermen conferred with your investigator at Canso, l'Archiveque, St. Peters, North Sydney and Arichat. Public meetings of fishermen were held at Glace Bay in Nova Scotia and at Wilson's Beach, Grand Harbour, and Lords Cove, in the province of New Brunswick. In addition to these conferences with fishermen, your investigator had a large number of conferences with individuals indirectly interested in the industry, including members of parliament, local and provincial.

Q. Then you submitted certain questionnaires?—A. Yes, a great deal of the information required by the committee involved the preparation of a statement of record covering the period of the last five years. Complete questionnaires were submitted to twenty-one companies.

Q. Companies engaged in the handling of fish?—A. Yes. I might say that these questionnaires included such information as a complete analysis of the company's operating and production costs, copies of operating and trading accounts, profit and loss statements, balance sheets, earnings of the fishermen, statements indicating the spread in price arising in connection with the fish, and many other relative matters.

Q. Yes?—A. In the case of certain companies it was found unnecessary to submit a complete questionnaire to them, and limited questionnaires were submitted to nineteen companies.

Q. Yes. Then the full replies to those questionnaires have not all yet been received or gathered together?—A. That is true.

Q. They will be filed later?—A. Yes. That is especially true as affecting the questionnaires submitted to firms at Toronto and Montreal. They have not had an opportunity, but I desire to advise the committee they are doing so as expeditiously as circumstances will permit.

Q. You are submitting also a supplementary statement made by the fishermen?—A. Yes, the supplementary statement is a record of the views expressed through these interviews I have outlined.

Q. What do you find is the general position of the industry; just come to the question of the general position of the fishermen themselves?—A. Might I answer that by reading from this interim report?

Q. Yes, Mr. Fraser?—A. The information secured will place before the committee the serious conditions that exist in the fishing industry, conditions that are adverse to the welfare of the fisherman and to the advancement and development of the industry as a whole. This industry was the subject of investigation by a royal commission in 1927, and the information contained in the report of that commission is available for the Committee. A report on the marking of Canadian fish was prepared in 1932 by Cockfield Brown & Company Limited and submitted to the Minister of Fisheries. It is unfortunately true that general conditions in the industry have not improved since 1927, with the result that the present situation and certainly the position of the individual fisherman is less favourable than was the case at the time of the investigation by the Royal Commission. The circumstances which have given rise to this further decline have to a large extent been world wide, and have affected all industry, but it must not be overlooked that the effect has been most serious in connection with the fisheries, due to the fact that difficult problems retarded the development of that industry even in years when other industries were enjoying periods of rapid expansion.

Q. The total value of fish has declined from nineteen million in 1926 to ten million in 1933?—A. Yes. These are the figures for the Eastern division as supplied by the Department of Fisheries.

By Mr. Senn:

Q. What about the catch, has the catch been as large as formerly, or is the reduction in volume partly due to a shortage in the catch?—A. The reduction in the figures is partly due to the reduction in the catch.

By the Chairman:

Q. Partly to the reduction in the catch, and partly to the fall in prices?—A. Exactly.

By Mr. Sommerville:

Q. And the reduction in the catch is partly due to the fact that there were fewer fishermen going out?—A. Very true.

Q. Yes?—A. Your investigators received information as to alleged unfair methods of competition existing within the fishing industry, and this is elaborated in some detail in a subsequent paragraph. While much effort has been made in recent years to place the industry upon a sounder basis, your investigator believes that the committee will be impressed with the present lack of reasonable co-ordination within the fishing industry, as a result of which a form of competition has been made possible that has, in many instances, not only

prevented fishermen from making a livelihood, but has in some cases made it possible for some companies to receive a return from the money invested.

Q. What do you say as to the general position of the fishermen?—A. To my mind, reading from the report, the individual fisherman must be recognized as the primary producer of this industry. Limitations imposed by the nature of the industry have placed this producer in an unusual position by reason of the fact that he has little or no bargaining power. The fisherman must do one of two things with his catch—he must either sell it fresh to a distributing company or dealer, or he must salt or otherwise process it. If fish is sold fresh it is highly perishable and must be disposed of at once, and since there is usually only one company or dealer accessible in any locality the fisherman must accept whatever price he is offered by that dealer.

Q. In the fishing village there is just one dealer that buys fish?—A. That is usually the case. If the fish is salted the producer must dispose of it to one or several dealers at a price usually agreed upon by these dealers. The fisherman is, therefore, to a very large extent deprived of all "bargaining power," and is forced to sell his fish for whatever price he is offered.

While your investigator has found many instances where companies and dealers have treated the individual fisherman with fairness, it is, nevertheless, true, that in many other cases the fishermen have been forced to accept a price substantially below what they should have received, or what the purchaser of the fish could reasonably have paid.

Existing conditions within the fishing industry have given rise to a situation in Eastern Nova Scotia where at many points fishermen have found it impossible to dispose of their catch at any price, and evidence will be submitted to the Committee that in numerous instances fish has been sold by the fishermen at a price that did not cover the cost of gasoline and bait.

A survey by the Committee of the income of fishermen at different points in Nova Scotia and New Brunswick will disclose that in most locations the primary producer has not been earning sufficient to provide adequately for food and clothing for himself and his family. In only a few communities has the revenue of the average fisherman been sufficient to allow any provision for the renewal of fishing gear and boats, etc.

Information to be submitted to the Committee will disclose that the net income of the average shore fisherman in 1933, being what was left to him after deducting cost of gasoline and bait was as follows:—

Q. These are at the various fishing centres?—A. Yes.

Q. And these are the earnings of the fishermen?—A. Yes.

Q. And to get this you interviewed a number of fishermen?—A. A very large number.

Q. And checked up with fish companies?—A. Yes.

Q. And these are after the cost?—A. Yes.

Q. And this is the result of your full enquiry at each of these places as the income of the average fisherman?—A. Perhaps I should say that I found uniformly at the points visited that the companies would set the incomes of the fishermen at a figure considerably higher than that set by the fishermen themselves, and in so far as I have been able to I have reconciled these two phases.

Q. Yes, but these figures set by the companies do not exceed the amount set by the men by more than \$25 or \$50?—A. No.

Q. All right?—A. At Shelburne \$300.

Q. \$300 is the net income of the average shore fisherman in 1933?—A. After he has paid the cost of gasoline and bait. At Lockeport it was \$300, at Liverpool it was \$275, at Lunenburg it was \$300; these are points in western Nova Scotia.

By Mr. Kennedy (Peace River):

Q. Is that one man's income?—A. Yes, that is one man's income.

By Mr. Young:

Q. Is that clear of everything, his net income?—A. That is his net income after he has paid for his gasoline and bait.

Q. And that allows him nothing for depreciation on his boat?

Mr. SOMMERVILLE: Or for repair of tackle, or anything of that kind.

By Mr. Senn:

Q. Would it allow anything for fish consumed in the home?—A. No, it would not allow for that. At Canso the average income in 1933 was \$160.

By Mr. Young:

Q. Is this the only occupation these men have, or do they have anything else by way of a sideline?—A. In 1933 it represented practically their total income. Prior to that time some of them may have had some small employment in other communities.

Q. They do not work any land at all?—A. Very few of them.

By Mr. Sommerville:

Q. They depend upon fishing for their livelihood.

Mr. SENN: Is that the income of those who own the boats and equipment, or of the labourers?—A. It is the average income for them all.

By Mr. Sommerville:

Q. Yes?—A. At Canso, in Eastern Nova Scotia, it was \$160, at Queensport it was \$200, at Arichat it was \$100.

Q. \$100 a year?—A. Yes. At Petit de Grat \$100, at St. Peters \$100, at Ingonish \$250.

Q. How many people are there at Petit de Grat where the income is \$100 a year?—A. There were approximately between seven and eight hundred.

Q. I see from your interviews at Petit de Grat that more than one-half of the inhabitants of that town were on relief last winter?—A. Yes.

Q. The average family income I observe here from your interview with the authorities was not over \$100?—A. Yes.

Q. And the average number in a family is 5.6?—A. Yes. I might say in that community too, sir, that the fishermen have to buy all their fuel, there are no natural timber resources available, and the land is so poor that it is not possible for them to grow much food stuffs on the land.

By Mr. Young:

Q. And that is the total income for the year?—A. That is practically the total income for the year.

By Mr. Senn:

Q. In this particular case was the catch normal, or was it lower that year?—A. It was lower, because very few of the fishermen had boats to fish with.

Q. I mean, the catch of the individual man who had a boat; did he have a normal catch?—A. Yes.

By Mr. Young:

Q. How much is their income down from what it was a few years ago; this is not a regular occurrence is it?—A. This of course represents the accumulation of a steady period of decline. I was advised that in 1929, which the fishermen regard as their last reasonably good year, that the income was up possibly **50 per cent.**

Q. It would be \$150 in the good year, and that is the most they ever got?
—A. So I am advised.

Q. Do they own houses?—A. Most of them, yes.

By Mr. Senn:

Q. I suppose we could get this information from our Dominion Bureau of Statistics, but what proportion of the cash goes into domestic consumption, have you any idea?—A. It would be practically all of fresh fish.

By Mr. Sommerville:

Q. Consumed in Canada?—A. Yes.

By Mr. Senn:

Q. What proportion is that of the whole?—A. The producers in Eastern Nova Scotia do not ship fresh fish to any extent.

Q. A considerable proportion of their fish goes to the Atlantic Seaboard, does it not?—A. I would estimate that probably 30 per cent is consumed in Canada, but that is only an estimate.

By Mr. Sommerville:

Q. Yes, you got down to?—A. I think I got as far as Ingonish. At l'Archevêque the average annual income was \$100, at North Sydney it was \$100, at Glace Bay \$75, at Louisburg it was \$175; and in the province of New Brunswick at St. John, where there is a short fishing season, they got only \$75; at Wilson's Beach it was \$200, at Grand Manan it was \$300, at Lord's Cove it was \$150, and at Loggieville it was \$350.

By Mr. Young:

Q. How do you account for this difference, by some working in better fields than others—A. Some are working in better fields, and in some localities they have more than one variety of fishing available.

Q. But the price is pretty much the same all through?—A. For the same variety of fish in western Nova Scotia.

By Mr. Kennedy (Peace River):

Q. How do the men at Glace Bay live on \$75 a year?—A. They work on the town, on relief.

By Mr. Young:

Q. But they are part of the taxpayers?—A. They would be if they could pay their taxes, sir.

By Mr. Sommerville:

Q. And you intimate that out of this he must provide for his family and maintain his fishing gear?—A. Yes.

Q. And he has long hours?—A. In the fishing season it runs from 18 to 20 hours a day.

By Mr. Kennedy (Peace River):

Q. What investment will he have in boats?—A. It varies to some extent according to the boat, possibly \$300 in gear and boats.

By Mr. Edwards:

Q. What is the average length of the fishing season—A. Their spring fishing season runs from about the 1st of March until late in June.

By Mr. Young:

Q. Then what do they do?—A. They operate during the summer but to a somewhat limited extent; and they commence operations again about August and run in the average winter until early in January.

Q. Then they have nothing to do the rest of the year?

By Mr. Edwards:

Q. That is only six or seven months out of the year—A. Seven months—I am still speaking, of course, of shore fishing, he goes out in his small boat.

By Mr. Young:

Q. He has nothing to do the rest of the time?—A. Very little.

Q. Do they have any cattle or chickens or anything?—A. Most of them have a few head of live stock of one kind or another and as well probably have a few hens.

By Mr. Sommerville:

Q. And as a result of the low returns I understand that many of the fishermen have been unable to operate for lack of boats and fishing gear—A. That is true.

Q. Now, what was your suggestion—at the top of page 15?—A. Your investigator respectfully suggests that the Committee should receive evidence as to the conditions under which the primary producer is forced to sell his fish, and to consider what steps may logically be taken to ensure that the fisherman will in future receive a reasonable price for his product.

Mr. YOUNG: What price is he getting now per pound?

By Mr. Sommerville:

Q. I think we will deal with that, Mr. Young. Your suggestion, however, is that the committee should receive direct evidence from some of the fishermen?—A. That is my suggestion.

Q. So that we will be getting exact views, rather than taking the statement alone from yourself?—A. I suggest that the former would be the better course.

Q. And also that steps be taken to enable deserving fishermen now without gear to secure the necessary equipment—A. Yes.

Q. Now, there are several distinct branches of the industry to which you have made reference, the first is the fresh fish industry?—A. Yes.

Q. That consists of the sale of fresh fish in Canada?—A. Yes.

Q. Does that include smoked and salted—A. It includes smoked and frozen.

Q. Yes, now I observe on page 16, referring to the question by Mr. Young, information is shown with respect to prices?—A. In 1929 the average rate per pound paid fishermen in Western Nova Scotia for ground fish was 2.43 cents.

By Mr. Young:

Q. What do you mean by ground fish?—A. Cod, haddock, hake and such fish as they get on the floor of the ocean.

By Mr. Sommerville:

Q. Caught on the bottom?—A. Caught on the bottom of the ocean.

Mr. YOUNG: That must be a nautical term?

Mr. SOMMERVILLE: Yes.

The WITNESS: The average price paid for ground fish was 2.43 cents in 1929, but in 1933 this had declined to 1.45 cents. The prices paid fishermen in Eastern Nova Scotia for cod and haddock during 1933 varied from $\frac{1}{2}$ cent per pound to 1 cent per pound.

By Mr. Sommerville:

Q. You are giving the price to the producer?—A. The price paid to the fishermen, yes. In the month of May, 1934, fishermen were receiving in Western Nova Scotia 1·5 per cents per pound for haddock and 1·25 cents per pound for cod.

Q. Then you indicate that when you have received all the information available with respect to prices paid by the consumer in Montreal and Toronto, you will submit a supplementary report to the Committee?—A. There will then be available a consolidated statement. I have it now in separate phase.

By Mr. Young:

Q. Can you tell us how many pounds of fish a man would get in a day, or whatever period of time it is he works?—A. The average day in Western Nova Scotia will give a fisherman a catch of from 900 to 1,000 pounds.

Q. Half a cent a pound would give him \$5 for his day.

Mr. SOMMERVILLE: If he were out every day.

The WITNESS: Of course, he does not fish every day. It is estimated in Western Nova Scotia that the average number of fishing days in a year is 100.

Mr. YOUNG: It should be better than that.

By Mr. Sommerville:

Q. And out of that he must pay for his gasoline and bait?—A. And his boat.

By Mr. Young:

Q. Is that a big item?—A. A gasoline boat in Western Nova Scotia will cost approximately \$4.50 a day to operate including some depreciation.

Q. \$4.50 a day if he makes \$5 he has 50 cents left for himself?—A. In Western Nova Scotia he gets 1·5 cents per pound.

By Mr. Sommerville:

Q. Then at the time of the writing of your interim report the wholesale and the retail companies had not completed the questionnaire, so that you cannot give additional information as to prices; but what do you say as to fluctuation?—A. I secured from the distributing companies in Nova Scotia statements of price fluctuations as quoted in the Montreal and Toronto markets for various varieties of fish covering the period since 1929.

By the Chairman:

Q. Would these be the wholesale prices, or the price of the wholesaler to the retailer, or the consumer?—A. This is the distributing company's price to the wholesale. The figures of the price fluctuations between the wholesale and the retail companies are included in these questionnaires that are not yet completed.

By Mr. Factor:

Q. How many operations do they have to go through before the consumer gets the fish?—A. The fishermen sell to the distributing company, the distributing company sells to the wholesale company, the wholesale company sells to the retail company, and the retail company sells to the consumer. That is the general trade practice. In some instances the distributing company in Nova Scotia, for instance, sells direct to the retailer.

By Mr. Sommerville:

Q. And the distributor also does whatever processing is necessary?—A. Yes.

Q. Now, you will observe that there is a wide fluctuation in price within the same period?—A. Within the same period.

Q. I see you have intimated that this has resulted very seriously for the fishermen in a reduction of price; how about the attitude of the retailer and the wholesaler to these fluctuations?—A. I find that practically all the wholesale companies, and certainly all the retail companies, express the desire that prices should be more stable and not subject to as marked fluctuation.

Q. That is, the wholesalers and the retailers do not want that fluctuation of prices, and the fluctuating price has resulted in a poorer return to the fishermen?—A. Yes.

Q. They were prepared to pay for them on a more stable basis?—A. Yes.

Q. And that would provide a better return to the fishermen?—A. In my opinion, yes.

Q. Is that one of the real difficulties that exist with respect to the fresh fish business in Nova Scotia that has resulted in such low returns?—A. I consider it a very real difficulty.

By the Chairman:

Q. Due to what?—A. Due largely to the cut-throat competition and consignment shipments.

Q. Between the distributors—A. Between the distributors.

By Mr. Senn:

Q. Has competition with fresh-water fish anything to do with it?—A. The scope of this inquiry did not include the investigation of lake fish.

Q. I thought perhaps you would know whether or not they did come into competition in the markets in these large centres with fresh-water fish, and if that had some effect?—A. I think that has some effect, yes.

Q. Well, you did not give us the comparative prices to the retailer, or to the consumer, of the several kinds of fish for which you say the producer received 1·5 cents per pound and so on?

By Mr. Sommerville:

Q. Perhaps at this point you might give us the information you have available in that line with respect to haddock; I think you can give us those figures from your inquiry?—A. From information available I think the following would indicate the average transaction in fresh haddock: the fisherman secures 1·5 cent per pound, the distributing company sells the fish f.o.b. their plant for 4·25 cents per pound, the cost to the wholesaler in Montreal would be approximately 5·25 cents a pound.

By Mr. Senn:

Q. That would be all packed in ice and ready to ship, would it?—A. Yes. The wholesaler probably sells part of that fish to the retailer for 7·25 cents a pound, and the retailer sells it to the consumer from 10 to 11 cents a pound.

By Mr. Sommerville:

Q. Is that the complete transaction?—A. I would consider that the complete transaction.

Q. And that indicates the relative proportion of the operators between the fisherman and the consumer?—A. Yes.

By Mr. Young:

Q. The distributor seems to get the best in that, doesn't he?—A. Of course, the distributor has to process it, and there is a good deal of cleaning to it, waste, icing, and packing.

By Mr. Sommerville:

Q. There is also the filleting process that he puts the haddock through?—A. Yes.

Q. And that is the operation that has to bear the expenses of?—A. In all cases, of course, it takes 3 pounds of fish as landed to produce one pound of fillets, and these prices that I have just quoted would rise approximately accordingly. The first cost of the fish would then be 4·5 cents instead of 1·5 cent.

Q. The price you have given us, 1·5 cent a pound, to the fisherman is for fish of a certain grade or type?—A. Yes.

Q. A fish over 22 inches?—A. Between 16 and 22. Fish under that size are called scrod for which the fisherman gets ·5 cent per pound.

Q. Is not this type of fish also used for filleting at times?—A. There is some evidence that it is.

By Mr. Young:

Q. The price you have given us is not for filleted fish?—A. No.

Q. The price of filleted fish would be three times what you have indicated?—A. Yes, approximately, but only in so far as the first cost of the fish is concerned.

By Mr. Sommerville:

Q. This is what is called round fish, isn't it?—A. That is called round fish.

Q. That is fish sold "as it is."

By Mr. Senn:

Q. Have you any figures indicating the cost of processing in the distributor's plant?—A. Yes, I have those available in the files and in the questionnaires returned by each company.

Q. I know it is considerable, boxes cost a lot, and all the other materials cost.

Mr. SOMMERVILLE: That will all be included in the supplementary report and it will be made available for the committee.

The CHAIRMAN: I understand that your inquiry is incomplete in that respect, but that it will be completed and that you will file these statements later.

The WITNESS: That is correct, sir.

By Mr. Young:

Q. Just before you leave that there is a statement Mr. Fraser made which I did not understand; you stated that cut-throat competition between distributors lowers the prices to the fishermen—you mean, competing for fish?—A. No, competing for markets.

By Mr. Sommerville:

Q. And as a result of their cut-throat competition it bears back on the fishermen, that is your statement?—A. That is my statement.

By Mr. Factor:

Q. Have you any evidence to substantiate that, any illustration?—A. Very many of them from the wholesale dealers in the markets investigated.

By Mr. Sommerville:

Q. Then with reference to the salt and pickled industry, that has reference largely to export markets, and I am suggesting to the committee that they might receive evidence as to the means which might be taken to establish a more adequate system of inspection and grading.

Q. That industry divides itself into two parts, does it not; there is the bank fisheries and the shore fisheries?—A. Yes.

Q. Both of which contribute their quota to the salt and pickled fish industry?—A. Yes.

Q. And these industries have declined very substantially have they not?—A. Very substantially.

Q. In Lunenburg I observe from your statement that in 1929 62 vessels were engaged in this phase of the industry and that in 1933 only 26 vessels were engaged in bank fishing?—A. True.

Q. While the average price per quintal of fish had dropped from \$8 in 1929 to \$3.20 in 1933?—A. Yes.

Q. And I observe from this that the average price paid for the produce of the shore fishermen in Quebec and New Brunswick dropped from 1.45 cents in 1929 to .7 cents in 1933?—A. Yes.

Q. And you are urging that information be obtained from those engaged in the industry as to the necessity for more adequate grading and inspection of the products?—A. That is my recommendation.

Q. In that connection what have you in mind?—A. I have in mind principally the loss of markets through the product being purchased in recent years from Newfoundland and Norway. It is the opinion of those engaged in this phase of the industry that with further organization these markets can be regained.

Q. Because of changes in inspection and in grading of fish in those countries are they endangering the market which formerly was held in Canada?—A. That is the opinion expressed.

Q. You desire that the information be obtained from those engaged in the industry?—A. I suggest that would be the better course.

Mr. YOUNG: Where are those markets?

The WITNESS: Largely in the West Indies; to some extent in the New England states.

By Mr. Sommerville:

Q. Your next reference is to the mackerel fisheries. This is largely carried on from Cape Breton?—A. Cape Breton and Halifax county.

Q. And what do you say as to the reduction in the prices received there?—A. It was submitted to your investigator that the cost of producing a 200 pound barrel of salt mackerel, delivered at Halifax, is approximately \$4.25. During the year 1933 fishermen received an average price of \$3.40 per barrel, thereby incurring a loss of 85 cents upon every 200 pounds packed. It will be submitted to the committee that the only reason fishermen engaged in production of this fish at all was because their operations enabled them to secure further credit from companies and dealers.

Q. To carry on in the meantime?—A. To carry on in the meantime.

Q. And then we come to the herring industry which is carried on largely—a large portion of it is carried on from Grand Manan?—A. It is the largest single portion.

Q. And on the island of Grand Manan a large portion of this is smoked?—A. Yes.

Q. And what are the results of the operations there? What is your observation there?—A. It will be submitted to your committee that the producers at Grand Manan are now receiving 48 cents per box of 18 pounds of medium smoked herring. The price received in 1933 fell as low as 24 cents a box. The cost of production of this quantity of herring can be set at 30 cents per box, and upon this basis the fishermen are now securing a small profit for their operations. The herring fishermen will, however, state that a price of 60 cents a

box should be received in order to enable the producer to make a reasonable living and to maintain his weirs. And that is to some extent borne out by the fact that the average first cost of the weir in which the herring is caught is \$2,500.

By the Chairman:

Q. The main point in all this, Mr. Fraser, as I see it, is that due to the unusual competition between the distributors the price that they accept for fresh fish that they market is so low that they must back it down on the producer, and it is reflected there through the scandalously low prices?—A. That is correct.

Q. The correction of it all must come out of some better understanding, agreement or arrangement in marketing as between the distributors, wholesalers and retailers?—A. That is my view, sir.

By Mr. Young:

Q. Do you mean, Mr. Fraser, that if all these fish were handled, by say, one or two distributors they would get more for them out of the wholesaler?—A. No, I do not necessarily say that.

Q. Do you think they would; do you think the market would pay more?—A. I think the market would pay more if necessary.

By Mr. Heaps:

Q. There is a spread now of $3\frac{1}{4}$ cents a pound on the average?—A. In what division?

Q. In the haddock, for instance—a cent to $4\frac{1}{4}$ cents a pound?—A. Between the wholesaler and the retailer?

Q. Between what the distributor obtains and what he pays to the fisherman?—A. Yes.

Q. Is not that $3\frac{1}{4}$ cents a sufficient spread in your opinion?

Mr. EDWARDS: It takes something for packing.

The WITNESS: That barely enables the distributing company to break even on expenses.

By Mr. Heaps:

Q. Does he not break even?—A. No.

Q. How much more should he have to obtain the necessary overhead expenses?—A. A quarter of a cent a pound to the distributing company would be a large factor.

Q. Then your view of the spread of about $3\frac{1}{2}$ cents is that it would be a fair amount to the distributor?—A. That would be better than most of the figures we received from the distributing companies.

Mr. SENN: It depends on the price of materials such as boxes, does it not?

The WITNESS: I think that the prices of materials are fairly uniform.

By Mr. Sommerville:

Q. Based on the experience you have had with the distributors?—A. Yes.

Q. Now, on the Island of Grand Manan, in connection with the smoking of fish, I understand there are a number of women employed?—A. They are employed in the production of boneless smoked herring.

Q. And what do you find as the result of their operations?—A. They are paid an average of 10 cents a box—that is 18 pounds of fish.

Q. That is, for boning 18 pounds of fish they get 10 cents?—A. Yes. An average woman operator can do five boxes a day.

Q. That is 50 cents a day?—A. Yes.

Q. That is the amount that the women receive for boning fish?—A. Yes.

Q. Then, this is the position with respect to the fishing people. Now, what about the position of the distributing companies?—A. Officials of the companies investigated will submit to the committee that few of these companies have made a profit in recent years, and that the decreasing prices paid the fishermen are in conformity with the decrease in the price secured by the company for the varieties of fish handled. It appeared to the investigator that some of the distributing companies and dealers have endeavoured to assist the fishermen and have dealt with the situation in as broad a light as might be expected. In other instances it appears that certain companies have taken advantage of the fact that the primary producer was forced to dispose of his catch at whatever price was offered and that the price paid was unfair, having regard to the ability of the company to pay a higher scale.

Mr. YOUNG: Have their profits been increasing?

The WITNESS: Only in the case of three companies have profits been increased.

By Mr. Sommerville:

Q. At present you have not received the auditor's report on the companies that have been operating in a large way?—A. Only one company was audited and that report has not yet been received.

Q. When that is received it forms part of your supplementary report and will indicate the extent of the profits made?—A. Yes.

Q. What was the condition of the wholesale companies?—A. Financial returns received from the wholesale companies indicate that in practically no case are they making large profits and, in some cases, are consistently losing from their operations.

Q. The wholesale company?—A. In Montreal and Toronto.

Mr. YOUNG: If the wholesale companies are not making anything and they are going to pay more, then they have got to charge more.

Mr. SOMMERVILLE: We are going to carry that through and find out.

Mr. YOUNG: I will wait until I get there before I ask my question.

By Mr. Sommerville:

Q. Then, with respect to wholesale companies, how do consignment shipments affect them?—A. They affect the wholesaler very seriously because if he buys a carload of fish at a stated price, before the carload reaches the market several carloads of consignment fish may have reached the market and he may be forced, and frequently is forced to sell the fish that he has purchased at a stated price at less than the cost to him.

Mr. YOUNG: Where do these consignments of fish come from?

The WITNESS: Recently, for the most part, from small dealers.

Mr. YOUNG: From Nova Scotia?

The WITNESS: From Nova Scotia.

By Mr. Sommerville:

Q. And are handled largely by whom?—A. Largely by brokers—sometimes by the wholesale companies themselves.

Mr. KENNEDY (*Peace River*): That is the opposite of orderly marketing, I suppose.

The WITNESS: I would consider it so, sir.

By Mr. Sommerville:

Q. And that has had an effect upon their prices and has affected their operations?—A. Yes, so I am advised.

Q. Then, what about the position of the retail companies and dealers?—A. It will be represented to the committee by retail dealers of fish that their business is largely confined to two days a week, but that their overhead cost of operating continues on throughout the whole week. It will also be submitted by the retailers that the perishable nature of the product handled and the uncertainty of the volume of sales give rise to a large percentage of waste which must be provided for in fixing the spread between the wholesale and retail prices.

The extent to which retail dealers are responsible for the spread in the price of fish will be referred to in some detail in the next paragraph. Your investigator has been advised that a spread of 50 per cent in the retail price over the wholesale price is necessary to provide for cost of overhead and handling delivery costs and waste. If this may be taken as a fair estimate it will appear to the committee from statements available that many retailers enjoy a spread in price substantially greater than 50 per cent, and that in many cases the spread between the wholesale and retail prices has been maintained at as high as 100 per cent over cost.

Q. That was in regard to a retailer in Montreal?—A. That was in the province of Nova Scotia.

Mr. KENNEDY (*Peace River*): Have the wholesalers been in difficulties for a number of years?

The WITNESS: Their principle difficulties have, apparently, been within the last three years.

By Mr. Young:

Q. I suppose these retailers handle meat also?—A. Most of them.

Q. You do not compare the price of fish with the price of meat and show what the housewife was willing to pay for the two?—A. Of course, the present price of meat, I was advised, is very much lower than the price of fish.

Q. Very much lower than the price of fish, and therefore people are buying meat instead of fish?—A. That has been a limiting factor on the market for fish.

Mr. SOMMERVILLE: Continue the question of the price spreads now.

Mr. HEAPS: Does Mr. Fraser say that the retailers were not making a profit on that spread?

Mr. SOMMERVILLE: We are going to deal with that now on the question of price spreads.

By Mr. Sommerville:

Q. Now, a phase of this report is devoted to price spreads?—A. Yes. The spread between the price paid the fisherman by distributing companies and other buyers, and the price at which these buyers sell the fish has been carefully investigated.

Five of the larger companies have been required to complete questionnaires. An analysis of the information required from the three largest distributing companies operating in western Nova Scotia shows that the highest profit or loss in cents per pound for fish handled by these companies during the past five years was as follows. That is set out in the report.

Q. It shows company No. 1?—A. Loss .03 cents per pound in 1929, a profit of .13 cents per pound in 1930, a loss of .28 cents per pound in 1931, a loss of .31 cents per pound in 1932 and a loss of .42 cents per pound in 1933.

Q. Company No. 2 has shown uniform profits throughout of .113, .221, .279, .124 and .147 cents per pound; and company No. 3 shows a loss in 1929

of .04, a profit in 1930 of .17, a loss of .01 for 1931 and a profit of .12 and .01 cents per pound for 1932 and 1933?—A. Yes.

Q. And when you have the full details and the auditor's report that can be more fully examined?—A. Yes. To these companies are also submitted statements requiring them to give the same information covering the spread on fish sold as fresh fish. These statements have not been returned, but from information available for the committee at the present time there is an indication of a spread on haddock sold at Montreal and Toronto from points in Nova Scotia. Company No. 1 has a spread on haddock fillets sold at Montreal of .64 cents.

Q. That is .64 cents per pound?—A. Yes, six-tenths of a cent a pound net. Haddock fillets show a profit of .19 at Toronto. Round haddock at Montreal shows a profit of .82 cents a pound and round haddock at Toronto .40 cents a pound. Company No. 2 has a profit on haddock fillets in Montreal of .24 and in Toronto of .17. Round Haddock at Montreal shows a profit of .52 and in Toronto of .55

Mr. HEAPS: What is that profit?

The WITNESS: One-half cent a pound.

Mr. HEAPS: That is the retailer's profit?

The WITNESS: No, the profit of the distributing company.

The CHAIRMAN: To the retailer.

The WITNESS: Company 3 has a profit on haddock fillets of .51 in Montreal, and at Toronto .39. Round haddock in Montreal showed a profit of .87 and round haddock at Toronto shows a profit of 1.2 cents a pound.

By Mr. Sommerville:

Q. And then you are suggesting to the committee that evidence be taken from these wholesalers or jobbers with a view to determining the question as to these price spreads?—A. Yes. I think it is advisable.

Mr. FACTOR: Are you going to file with the committee the questionnaire you sent out?

The WITNESS: Yes.

By Mr. Sommerville:

Q. What did you find was the average mark-up over cost on fish sold in 1933 by wholesale companies in Montreal?—A. It was 26 per cent.

Q. That is the average for the wholesale companies?—A. The average for the wholesale companies.

Q. What did you find was the average mark-up by the retailers?—A. 54.6 per cent.

Q. In Saint John what was the average mark-up over the wholesale price?—A. The retail price over the wholesale Saint John mark-up was 68 per cent.

Q. And in Halifax?—A. It was 100 per cent.

Q. Now, then, what did you find when you came further west?—A. I think I have already given that—the mark-up in Montreal.

Q. What was the mark-up in Montreal?—A. 54.6 per cent.

Q. And what did you find was the lowest percentage of mark-up over wholesale at Toronto?—A. 48 per cent. The highest was 60 per cent.

Q. And the average for all retail outlets was?—A. 55.5 per cent.

Q. What was it in Ottawa?—A. Slightly less—54 per cent.

Q. How does that compare with the mark-up in the chain stores?—A. The mark-up in the chain stores investigated in Montreal was 49.3 per cent as compared with the average mark-up for all retail outlets in Montreal of 54.6 per cent.

Q. And in Toronto, have you the comparative figures?—A. In Toronto the mark-up in chain stores was 54 per cent. There is a general mark-up in all retail outlets of 55·5 per cent. I might say, sir, that that does not necessarily reflect the fact that chain stores sell fish cheaper because chains usually pay a smaller price to the wholesale company.

Q. Are they among those who made some of those consignment shipments?—A. They benefit from consignment shipments, yes.

Q. And then you have a section of the report dealing with unfair competition and consignment shipments?—A. Yes.

Q. And that has been a most disturbing factor in connection with the whole industry?—A. We consider that the principle problem in the industry.

Q. You have a section dealing with the condition of sale and substitution of quality and variety where close competition has led to the substitution of cheaper varieties of fish for the better varieties?—A. Yes.

Q. And that reflects again back on the producer of the fish?—A. Yes.

Q. Then you have a section dealing with the chain stores?—A. It has already been referred to.

Q. And then is your conclusion?—A. In this report no effort has been made to set out in any degree of detail the information available for submission to the committee as it has been considered impracticable to do so. Files containing statistics relative to the operation of companies investigated will be submitted to the committee. Your investigator submits that the conditions disclosed as now existing in the fishing industry merit the further consideration of the committee. Especially is this so in regard to the prices paid primary producers and trade practices in the wholesale and retail markets.

Your investigator suggests that the committee, after hearing evidence, should consider the advisability of taking such steps as may logically lead to the establishment of a scale of higher prices to be paid the fishermen. It is of fundamental importance that the position of the primary producer should be improved and it may be that the committee will consider means through which there may be established a minimum price to be paid fishermen.

Your investigator also respectfully suggests that the committee should give consideration to what direction, through some form of marketing board, or otherwise, may be necessary to establish a more satisfactory degree of co-ordination within all phases of the fishing industry.

Q. The necessity for co-ordination is a primary necessity?—A. That is my opinion.

Q. For some form of orderly marketing in order that the primary producer may get a better return?—A. Yes.

Q. And is it your belief from your examination of the conditions that this can be brought about, there being sufficient spread at present between the producer and the consumer to bring about a more equitable division of that spread, without increasing the cost?—A. Yes, in my opinion.

Q. Is that a situation that is favoured by both the wholesale and retail trade?—A. It is very much favoured by the wholesale and retail trade.

Q. Then, you are filing this report to go with the addenda of supporting documents, and you will file the further information and complete report when your full information has been received?—A. Yes, sir.

Witness retired.

C. V. FESSENDEN, called and sworn.

By Mr. Sommerville:

Q. Mr. Fessenden, you have made an investigation at the request of the committee into some branches of the furniture industry and you have prepared for us some information and material?—A. Yes, sir.

YEARLY COMPARISON OF COMBINED BALANCE SHEET ITEMS 1926-1933
 TWENTY-NINE FURNITURE FACTORIES

	1926	1927	1928	1929	1930	1931	1932	1933
Total Current Assets.....	\$ 5,323,294	\$ 5,388,585	\$ 5,931,711	\$ 6,350,426	\$ 5,883,051	\$ 5,252,174	\$ 4,126,851	\$ 3,884,034
Other Tangible Assets.....	5,838,125	6,010,007	6,428,216	6,801,313	6,977,336	6,944,478	7,086,023	7,111,677
Bank Liabilities.....	800,886	651,099	776,640	1,074,397	892,209	786,880	618,126	647,548
Trade Liabilities.....	561,041	540,167	704,162	666,084	514,854	462,591	269,398	363,078
Due Shareholders.....	154,362	173,595	195,553	238,913	229,474	106,434	140,551	143,280
Other Current Liabilities.....	173,484	149,749	177,878	148,546	122,585	115,575	88,447	105,601
Total Current Liabilities.....	1,689,773	1,514,610	1,854,233	2,127,940	1,759,122	1,471,480	1,116,522	1,259,507
Reserves for Depreciation.....	1,742,292	1,854,683	2,060,473	2,285,021	2,477,604	2,641,082	2,633,451	2,735,286
Mortgages.....	173,736	187,817	238,795	223,363	229,423	230,905	209,694	229,908
Other Deferred Liabilities.....	246,793	289,510	410,711	422,484	416,743	396,207	387,716	368,127
Capital Stock, paid-up.....	5,464,867	5,475,013	5,465,113	5,514,213	5,245,613	5,422,233	5,612,617	5,872,892
Surplus.....	1,043,928	2,076,959	2,330,602	2,577,718	2,551,882	2,034,745	1,252,874	529,991
Total Liabilities.....	11,161,339	11,398,592	12,359,927	13,151,739	12,860,387	12,196,652	11,212,874	10,995,711
Working Capital.....	3,633,491	3,875,975	4,077,478	4,222,486	4,123,929	3,780,694	3,010,329	2,624,527
Current Ratio.....	3.15	3.55	3.20	2.98	3.34	3.57	3.70	3.08
Sales, Net.....				14,962,707	11,536,640	9,300,291	5,799,640	4,650,719
Net Profits.....					155,217	517,937	664,942	588,436
Dividends.....	216,033	250,494	326,544	398,610	225,459	168,127	74,488	33,196

1932

	Number Plants	Capital	%	Out-put	%	Salaries	%	Wages	%	Materials used	%
Association Members.....	53	\$ 14,875,953	68.0	\$ 7,792,563	64.6	\$ 866,780	58.8	\$ 2,087,139	66.3	\$ 2,724,407	59.3
Non-members.....	27	5,442,386	24.7	3,113,813	25.9	344,317	23.4	802,120	25.5	898,489	22.3
Below 10 men.....	228	1,601,398	7.3	1,152,739	9.5	263,356	17.8	358,154	8.2	328,921	8.4
	308	21,919,737		12,059,115		1,474,453		3,247,413		3,951,817	

ANALYSIS OF WAGES PAID IN 1933—26 PLANTS

Factory Number	Average Number of Employees			Wages Paid All Men			Wages paid to Lowest paid Men in Plant			Wages paid All Boy		Wages paid Female	
	M	B	F	Average weekly	Hours	Average hourly	Per cent Total employees	Average weekly earnings	Average hourly earnings	Average weekly	Average hourly	Average weekly	Average hourly
1.....	39	3	.....	10 85	37 $\frac{1}{2}$	.287	12	10 78	.221	2 21	.098	.....	.....
2.....	16	5	.....	9 41	31 $\frac{1}{2}$	.301	12	9 12	.233	4 83	.150	.....	.....
5.....	92	12	7	10 43	38	.275	11	7 21	.215	5 83	.162	5 85	.157
6.....	35	1	.....	10 83	40 $\frac{1}{2}$	.268	13	9 09	.203	6 44	.183	.....	.....
7.....	64	5	.....	8 81	26 $\frac{1}{2}$	.332	10	7 33	.256	4 50	.154	.....	.....
9.....	98	8	2	10 12	31	.328	11 $\frac{1}{2}$	5 72	.21	2 81	.121	5 26	.221
10.....	93	24	0	10 55	37 $\frac{3}{4}$	.279	11	5 73	.170	3 54	.117	.....	.....
11.....	92	3	1	8 31	19	.446	10	10 12	.343	2 78	.152	6 80	.250
13.....	27	.....	.....	7 36	18	.408	10	4 92	.248	.....	.....	.....	.....
15.....	42	.....	.....	6 02	23	.260	10 $\frac{1}{2}$	4 63	.189	2 46	.109	.....	.....
16.....	43	9	0	7 52	32 $\frac{1}{2}$	.232	11 $\frac{1}{2}$	5 87	.187	2 92	.089	.....	.....
17.....	69	7	.....	6 20	34 $\frac{1}{2}$	.178	11 $\frac{1}{2}$	5 35	.141	2 79	.100	.....	.....
18.....	17	2	.....	9 71	41 $\frac{1}{2}$	.235	13	10 81	.188	2 64	.150	.....	.....
21.....	29	5	.....	12 22	49	.250	10	7 44	.180	4 80	.125	.....	.....
23.....	49	9	.....	12 21	42 $\frac{3}{4}$	.286	12	8 13	.191	3 52	.104	.....	.....
24.....	38	2	.....	8 03	39	.205	11 $\frac{1}{2}$	7 57	.173	4 86	.132	.....	.....
25.....	28	.....	.....	8 83	35 $\frac{1}{2}$	.248	12	6 18	.160	.....	.....	.....	.....
39.....	34	8	.....	14 32	53	.267	11	8 50	.155	5 70	.140	.....	.....
57.....	22	9	.....	10 18	51 $\frac{1}{2}$	.197	11	8 38	.190	2 54	.109	.....	.....
81.....	51	10	.....	8 53	30 $\frac{1}{2}$	.279	10	7 23	.223	3 06	.127	.....	.....
104.....	31	5	.....	13 25	47	.282	12 $\frac{1}{2}$	10 55	.202	5 95	.126	.....	.....
106.....	17	2	.....	3 64	19 $\frac{1}{2}$	.187	11	3 44	.133	1 68	.103	.....	.....
48.....	137	44	1	11 08	53 $\frac{1}{2}$	.207	20	7 88	.148	5 03	.099	.....	.12
71.....	43	25	2	12 20	54 $\frac{1}{2}$	.225	11 $\frac{1}{2}$	6 54	.170	5 93	.113	4 09	.075
89.....	33	10	.....	13 45	55	.245	11 $\frac{1}{2}$	9 25	.138	4 13	.075	.....	.....
95.....	130	9	.....	14 42	60	.242	8 $\frac{1}{2}$	8 00	.142	6 10	.117	.....	.....

Q. In this industry, I observe that you are reporting upon twenty-nine furniture factories in a yearly comparison of combined balance sheet items from 1926 to 1933?—A. Yes, sir. I took that as what I considered a typical cross-section of eighty factories which represent the bulk of the furniture industry as we understand it, apart from little concerns.

Q. According to the Dominion Bureau of Statistics, there are altogether 308 plants which are engaged in making furniture of one kind or another?—A. Yes, sir.

Q. Or handling forest products?—A. I beg your pardon, sir. No, I have eliminated the ones that handle forest products but who do not make furniture.

Q. There are 308 altogether?—A. Who make furniture.

Q. Of those there are 228 that have below twelve men?—A. Average three men.

Q. And you have eliminated these—rather, you have separated these?—A. Yes, sir.

Q. And then there are 53 plants that are association members—that is, members of the furniture association?—A. Yes, sir.

Q. And then there are 27 that are non-members of the association?—A. Yes, sir.

Q. Or a total of 80 plants that are engaged in producing upwards of 90 per cent of the entire furniture of Canada?—A. Yes.

Q. And of these 80 plants, fifty-three plants have a capital of \$14,875,953?—A. Yes, sir.

Q. And then 27 plants have a capital of \$5,442,386, and the 228 small plants have a capital of \$1,601,398, a total of \$21,919,737 invested in the capital of the whole industry?—A. Yes, sir.

Mr. FACTOR: That is throughout Canada?

The WITNESS: Yes, sir.

By Mr. Sommerville:

Q. The output for the year 1932 of the 53 factories was \$7,792,563, and that represented 64 per cent of the entire output?—A. Yes, sir.

Q. While 27 factories produced \$3,113,813 or 25.9 per cent of the output, or, between them, 95.5 per cent of the output?—A. Yes.

Q. Then the salaries paid in these 53 factories were \$866,780 in the year 1932?—A. Yes, sir.

Q. And for 27 factories in the non-members salaries paid amounted to \$344,317?—A. Yes, sir.

Q. Between the eighty members the total salaries paid was something like \$900,000 approximately?—A. Yes, sir.

Q. I beg your pardon, \$1,200,000?—A. Yes, sir.

Mr. FACTOR: The salaries paid to whom?

The WITNESS: Well, they simply reported the salaries.

The CHAIRMAN: As distinct from wages?

The WITNESS: As distinct from wages.

By Mr. Sommerville:

Q. Clerks and salesmen and officers?—A. Office staff.

Q. And such like?—A. Superintendents—everything probably down to a foreman.

Q. Then, the wages paid by the 53 plants amounted to \$2,087,139 and by the 27 plants \$802,120. That makes a total of \$2,889,000 of total wages paid in 1932. Then the materials used amounted, between these 80 plants, to about \$3,600,000 approximately?—A. Yes, sir.

Q. As indicated. Now, when you look at the comparison of the combined balance sheets on the top of the page, you will observe that the total current assets of the 29 factories on which you have information—A. Yes, 29.

Q. Some of these are association members and some are non-association members, I understand?—A. That is so.

Q. Of the 29, that represents a fair cross section of the industry?—A. Of the 80 factories.

Q. Of the industry?—A. None of the 128 small factories are included in that.

Q. I observe that their total current assets in 1926 were \$5,323,264, reaching a peak of \$6,350,426 in 1929 and dropping to a total of \$3,884,034 in 1933?—A. Yes.

Q. There has been a substantial drop in the current assets of the companies? Then, there are other tangible assets. I presume that refers to buildings, equipment and machinery?—A. Yes, that would be everything else.

Q. Everything else?—A. Everything else.

Q. They were \$5,838,125 in 1926, and they have grown to \$7,111,677 in 1933; bank liabilities were \$800,886 in 1926 and were reduced to \$647,548 in 1933, after reaching a peak of over a million in 1929. Trade liabilities were \$561,041 in 1926 and were reduced to \$363,078 in 1933; due shareholders, \$154,362 in 1926, and \$143,280 in 1933, while other current liabilities have been reduced from \$173,484 in 1926 to \$105,601 in 1933. Your total current liabilities have been reduced from \$1,689,772 to \$1,259,507.

Mr. SENN: Do those current assets on the first item include inventory?

The WITNESS: Yes.

By Mr. Sommerville:

Q. Then, in the next series of figures, we have reserves for depreciation for the eight year period, and they grew from \$1,742,292 in 1926 to a total of \$2,641,082 in 1931. They have grown very slowly since then. There has not been anything to take care of depreciation those last few years?—A. That would indicate they were not taking care of depreciation on the books.

Q. Mortgages have increased from \$173,736 in 1926 to \$229,908 in 1933, and other deferred liabilities have increased from \$246,793 in 1926 to \$368,127 in 1933, capital stock, paid up, is practically the same, and the surplus has decreased from \$1,043,928 in 1926 to \$529,991 in 1933.

The CHAIRMAN: It increased to a peak of \$2,000,000 in 1930.

By Mr. Sommerville:

Q. It increased to a peak of \$2,551,882 in 1930, and has now dropped to \$529,991, which is a drop of about \$2,000,000 since 1929. The total liabilities are \$10,995,711 as compared with \$11,161,389 in 1926. The working capital has been reduced from \$3,633,491 in 1926 to \$2,624,527 in 1933, after reaching a peak in 1929 of \$4,222,486?—A. Yes.

Q. What do you mean by current liabilities?

Q. They have been kept relatively the same?—A. Yes, they have been kept—

Q. By and large?—A. —in a good liquid condition.

Q. As far as the ratio is concerned?—A. Yes.

Q. But the surpluses have been very substantially reduced?—A. That is right.

The CHAIRMAN: Current liabilities to the current assets.

The WITNESS: Current assets to the current liabilities.

The CHAIRMAN: That is 3·15 what?

Mr. FACTOR: In 1926 it was five to one.

The CHAIRMAN: Your total current assets are \$5,323,264 in the first year, and your current liabilities are \$1,689,773; I see what you mean.

The WITNESS: Is not that right?

The CHAIRMAN: Yes; their assets are 3.15 times as much in comparison—

The WITNESS: No sir, the ratio of the current assets to the current liabilities.

The CHAIRMAN: It is not very clear.

Mr. SOMMERVILLE: That means the current ratio of assets to liabilities.

The CHAIRMAN: No, current liabilities to current assets.

The WITNESS: Assets to current liabilities. The ratio is three times, or a little over three times.

By Mr. Sommerville:

Q. Then, I notice you have net sales for the last five years?—A. Yes, sir.

Q. In 1929 the net sales were \$14,962,707; in 1930, they were \$11,536,640; in 1931, they were \$9,300,291; in 1932, they were \$5,799,640, and in 1933, they were \$4,650,719?—A. That is right, sir.

Q. A steady decline in sales?

Mr. HEAPS: It has been more than steady.

The CHAIRMAN: Rapid.

By Mr. Sommerville:

Q. There has been a rapid decline in sales from the year 1929 from \$14,000,000 to \$4,600,000, upwards of a drop of \$10,000,000 in sales in that period of time?—A. Yes, sir.

By Mr. Factor:

Q. What is that attributable to, the depression alone?—A. The low purchasing power of all sections of the public, and the fact that furniture is something that can be done without; they can go on using their shabby old furniture much longer than they can go without food or some of the things that are more absolutely necessary. The result is furniture suffers more when there is a drop in purchasing power.

By Mr. Senn:

Q. I suppose a certain amount would also be done to lower commodity prices?—A. Yes a part of the drop in dollar value I estimate, 28 per cent represents somewhere near the drop in the wholesale unit selling price of furniture, so that this drop from 1930 to 1933 represents 59½ per cent; at least, I estimate that represents a drop in physical volume of about 43 to 44 per cent. That is as near as I could estimate; it is a very difficult thing to get accurate figures on.

By Mr. Sommerville:

Q. I observe with this drop there has been a steady change in the financial returns to the company. The net profits in 1930 were \$155,217, and the net loss in 1931 was \$517,937, and in 1932, the net loss was \$664,042 and in 1933, it was \$588,436?—A. Would it be interesting here to point that out as a percentage?

Q. Yes, indeed.—A. In 1930, which was a fairly good year, the net profit was only \$155,000, which represented a profit of 1.35 per cent on sales or 2.85

per cent on paid-up capital, a very low profit even in a year before the depression had really got under way; whereas the net loss in 1933 was 12·6 per cent on the sales, or 10 per cent on paid-up capital.

Q. In 1933?—A. Just taking this jump.

Q. I observe that the dividends in 1926 were \$216,033, and they reached a peak of \$398,610 in 1929, and they had declined to \$33,196 in 1933?—A. Yes, sir.

Q. That is the total amount of dividends paid that year on a total capital stock paid-up of \$5,872,892?—A. Yes, sir.

Mr. YOUNG: It does not say anything about profits prior to 1930?

The WITNESS: No; I could have got those, but I thought in view of the short time, to try to group the effort over to get as good a picture, as good a perspective as possible, that that was as far as I could go, because I did not have unlimited help at my disposal.

Mr. YOUNG: You do not know how these companies fared before that?

The WITNESS: No, I cannot give you that figure; I can get it.

Mr. FACTOR: These losses were sustained in the last three years after payment of dividends?

The WITNESS: No. These dividends would be paid probably by companies that had not such a big loss as others.

By Mr. Sommerville:

Q. The 29 companies?—A. The net loss; one, two or three may make a profit, and then there is the fact they may pay dividends without having a profit. They are privately owned companies, family concerns, and they have reduced their overhead, so that they may possibly take something in dividends.

Q. Now, that situation is further reflected in samples we have. We have summaries of a number of purchases of furniture set out on the two sheets that are in the hands of the committee, and I think we shall put them in at this stage.

SUMMARY OF PARTICULAR PURCHASES OF FURNITURE—TORONTO BIG STORES

Detail Sheet No.	Manu- facturer's Cost \$ cts.	Selling Price to Big Store \$ cts.	Selling Price delivered to Consumer \$ cts.	Retail Mark-up on laid-down Cost %	Manufacturer's	
					Profit \$ cts.	Loss \$ cts.
A 102—20.....	42 01	41 00	69 50	55	.....	1 01
A 103—20.....	78 90	85 00	140 53	53	6 10	.....
A 108—51.....	163 38	100 00	159 33	46	.....	63 38
A 110— 7.....	252 35	132 15	215 26	49	.....	120 20
A 111—12.....	92 57	75 00	119 85	45	.....	17 57
A 113—12.....	121 46	85 00	120 44	29	.....	36 46
A 120—48.....	43 16	40 80	62 50	27	.....	2 36
A 123—51.....	98 94	75 00	121 73	44	.....	23 94
A 125—51.....	9 82	11 25	18 95	54	1 43	.....
A 129— 7.....	134 75	99 50	164 50	51	.....	35 25
A 136—12.....	34 15	30 00	51 25	53	.....	4 15
A 137—12.....	103 25	107 50	164 05	37	4 25	.....
A 144—17.....	70 36	58 00	79 45	23	.....	12 36
A 155— 9.....	52 63	41 75	64 85	41	.....	10 88
A 158— 2.....	85 72	89 50	164 50	71	3 78	.....
A 159—51.....	15 94	12 50	24 50	74	.....	3 44
A 160—81.....	7 54	12 75	21 75	61	5 21	.....
B 2 (a)—20.....	49 85	45 50	79 25	65	.....	4 35
B 12—15.....	97 22	82 50	141 50	55	.....	14 72
B 16—95.....	45 55	35 00	59 75	42	.....	10 55
B 19—20.....	78 64	65 00	97 45	53	.....	13 64
B 20—95.....	70 01	75 00	105 95	24	4 99	.....
B 22—95.....	80 70	85 00	122 95	29	4 30	.....
B 24—12.....	115 61	95 00	159 95	57	.....	20 61
B 25—95.....	85 70	93 80	163 00	56	8 10	.....
B 27—12.....	123 52	125 00	216 95	53	1 48	.....
B 29—81.....	130 89	135 00	229 75	62	4 11	.....
B 32—78.....	24 85	21 30	30 95	20	.....	3 55
B 37—95.....	64 49	70 00	105 95	37	5 51	.....
B 39—12.....	85 16	70 00	122 50	63	.....	15 16
B 41— 2.....	77 00	79 25	148 00	70	2 25	.....
B 43—64.....	50 04	49 00	83 50	61	.....	1 04
B 45—64.....	51 55	35 40	57 50	53	.....	16 15
B 47—64.....	60 90	61 50	105 00	61	0 60	.....
B 48—64.....	89 03	63 00	105 00	57	.....	26 03
B 50—95.....	15 76	14 20	19 95	17	.....	1 56
B 56—95.....	17 49	13 50	23 35	45	.....	3 99
B 58—95.....	74 17	88 60	153 00	53	14 43	.....
Average (38).....	76 19	65 77	107 74	48·6	.....	10 42

SUMMARY OF PARTICULAR PURCHASES OF FURNITURE—TORONTO MAIL ORDER

Detail Sheet	Manu- facturer's Cost	Selling Price to Big Store	Selling Price delivered to Consumer	Retail Mark-up on laid-down Cost	Manufacturer's	
					Profit	Loss
No.	\$ cts.	\$ cts.	\$ cts.	%	\$ cts.	\$ cts.
M.O. A 1—108.....	45 51	46 75	77 50	37	1 24	
M.O. A 2—23.....	49 83	54 00	85 00	37	4 17	
M.O. A 4—62.....	41 92	43 85	72 25	36	1 93	
M.O. A 5—5.....	31 78	33 00	54 00	37	1 22	
M.O. A 6—5.....	52 76	67 50	107 00	40	14 74	
M.O. A 7—5.....	30 83	33 25	53 00	36	2 42	
M.O. A 8—76.....	15 74	17 50	27 25	27	1 76	
M.O. A 11—63.....	17 59	18 50	29 00	34	0 91	
M.O. B 1—64.....	45 79	46 50	82 50	53	0 71	
M.O. B 2—64.....	67 70	78 00	135 00	55	10 30	
M.O. B 3—64.....	56 83	58 00	104 50	59	1 17	
M.O. B 4—64.....	62 37	63 75	114 50	59	1 38	
M.O. B 5—43.....	3 97	4 00	7 25	46	0 03	
M.O. B 6—43.....	15 69	17 00	28 50	47	1 31	
M.O. B 7—16.....	66 15	64 00	119 50	64		2 15
M.O. B 8—16.....	63 75	60 00	109 50	57		3 75
M.O. B 9—95.....	50 88	54 00	97 50	57	3 12	
M.O. B 10—20.....	78 64	65 00	114 50	53		13 64
M.O. B 11—67.....	39 75	40 50	73 00	52	0 75	
M.O. B 12—20.....	49 85	45 50	79 50	51		4 35
M.O. B 13—62.....	39 28	38 37	68 00	45		0 91
M.O. B 14—62.....	29 93	28 50	56 00	60		1 43
M.O. B 15—106.....	6 16	6 50	12 50	59	0 34	
Average (23).....	41 86	42 78	74 25	47.9	0 92	

It is a summary of the particular purchase of furniture for the Toronto big stores, and I understand all these particular suites for examples were furnished to you by Mr. Johnston and the auditors?—A. Yes.

Q. From among a great number that were advertised in the catalogues or the store?—A. Most of them were advertised; I won't guarantee all of them were advertised, but they represent what they considered well worth while examples to investigate.

Q. Over a broad field?—A. Over a broad field.

Q. It represents a great number of different items?—A. Yes.

Q. Different characters of items, and in that connection you are filing with the committee a detailed examination of each of them?—A. Showing the cost and mark-up.

Q. In each of those, the information that you are filing with the committee shows first of all the number of the item as identified from the store, the number of the store, or rather the initial of the store, the manufacturers' number and article. In this case, a three piece suite is the one I am looking at.

Mr. YOUNG: What is the number of the sheet?

Mr. SOMMERVILLE: MO.A 1-108, the item on the top.

By Mr. Sommerville:

Q. Then, the item indicates the price paid per unit by the big store to be \$46.75; sales tax, \$2.81, freight to consumer, \$7.25, laid down cost to the store \$56.81, selling price delivered to the customer \$77.50, a mark-up delivered selling price over the laid down cost of 37 per cent, or \$21. Total materials, \$25.45; total direct labour, \$13.99; total overhead, \$4.67; factory cost of \$44.11; commercial expenses—that is overhead, administration?—A. Administration and general overhead.

Q. That is \$1.40. The total cost to the manufacturer was \$45.51 for this 3-piece chesterfield suite. It sold to the big store at \$46.75, or a profit to the manufacturer of \$1.24 per suite?—A. That is right.

Q. That is the way in which this information is collected for each item?—A. Yes.

Q. So that the committee will have before them the details of what each item represents in material, in wages and in net profit?—A. Yes.

Q. That is filed as Exhibit No. 230. On this first sheet you have a summary of the particular purchases of furniture, Toronto mail order; that is, purchases by the mail order houses?—A. Yes.

(Statements, filed by Mr. Fessenden, marked Exhibit No. 230).

Q. By the mail order houses of the department stores. All these items, M.O.A. 108, M.O.A. 23, M.O.A. 62 refer to mail order of "A", one company, and "B", another company. In this you show what is the manufacturer's cost for these items, the average for the whole being \$41.86; the selling price to the big store, the average over the whole being \$42.78; the delivered selling price to the consumer, \$74.25 average; the retail mark-up on the laid down cost of 47.9 per cent; and the manufacturer's profit or loss. I observe in these 23 examples that there are 6 examples in which there was a loss and 17 examples in which there was a gain; and the average over the whole was a profit to the manufacturer of 92 cents?—A. For those transactions.

By Mr. Young:

Q. What percentage is that?—A. That is 2.15 per cent.

Q. Net profit to the manufacturer?—A. Yes.

By Mr. Sommerville:

Q. That is for the mail order. The next sheet shows purchases of furniture delivered to the stores, the same "A" and "B" stores. The manufacturer's cost of 38 items, average, was \$76.19; the selling price to the big store, \$65.77; the selling price delivered to the consumer, \$107.74; the retail mark-up on laid down cost averaged 48.6 per cent; and in the case of these 38 items—the majority of the items show losses—the total average loss per transaction on this list was \$10.42?—A. Or 15.9 per cent on the selling price.

By Mr. Heaps:

Q. I was going to ask if these represent special transactions or regular ones?—A. These are taken at random, Mr. Heaps. They show some of the different kinds of transactions.

MR. SOMMERVILLE: You will remember that we had certain things brought to the attention of the committee, and these were what the investigators were asked to look for, to trace them through to the factories.

By Mr. Heaps:

Q. I notice one there, item A-110, where the manufacturer's cost was \$252.35; the selling price to the big store, \$132.15, a loss to the manufacturer of \$120?—A. Yes. That is quite—I won't say a common thing, but it happens frequently that goods will be sold at 50 cents on the dollar to clear out stock that won't move.

By Mr. Sommerville:

Q. That is, the new season's goods that may have been manufactured for that season, if it is not sold at once or in the season, is cleared out?—A. That is right.

Q. At 50 cents on the dollar?—A. Yes. That article would not be made to sell at a loss.

By Mr. Heaps:

Q. Who fixes the price?—A. The buyer and the seller between them.

Q. Is it a mutually arranged price?—A. Yes, a mutually arranged price. They arrive at a price. The buyer wants to buy it at a very low price, and the seller wants to sell it—in this case, obviously for almost anything. He is evidently short of money.

By Mr. Factor:

Q. What could the seller do if he didn't want to sell?—A. He would probably have great difficulty with his bank, because he would be short of cash. Probably that would be the reason for the sale.

Mr. KENNEDY (*Peace River*): Were these sales connected up with the advertisements?

Mr. SOMMERVILLE: Yes, in every case.

By Mr. Young:

Q. Is this a suite that was a poor colour, or was there some reason that it would not sell?—A. I would not say so. A great many perfectly good suites of furniture sell at that price on these special sales, where the manufacturer has more goods than he has cash, and he makes a sacrifice to sell the goods.

Q. He has made more than he can sell, and he has got to get rid of his stock. Is that it?—A. That would be one reason.

By Mr. Sommerville:

Q. Or it may be that it was a sample suite made up?—A. It might be a sample suite, and the buyer would come around.

Q. This particular item is a 9-piece dining room suite. The materials in it amounted to \$89.75; the direct labour, \$64.60; the total overhead, \$40; the factory cost, \$194.35; commercial expense, \$58, or a total cost to the manufacturer of \$252, and it was sold for \$132.15. That \$132 compared with the cost of material of \$89.75 and \$64.60 for direct labour, indicates how much loss resulted, how much it was less than the cost of material and direct labour?

Mr. HEAPS: Is the same percentage of overhead charged on all the items as shown in this one?

Mr. SOMMERVILLE: Apparently, in that particular factory.

By Mr. Young:

Q. Did you investigate the overhead in these factories?—A. Yes. I made a careful investigation of the overhead in a number of the factories.

Q. And you are making a report on that also?

Mr. SOMMERVILLE: Yes.

By Mr. Sommerville:

Q. With reference to wages, the wage sheet reflects a similar condition. That is set out on the sheet before you, in the case of the 26 factories. You have covered the wages, haven't you?—A. Yes.

Q. The average number of employees are shown here. Then I see "M," "B," and "F." What is that?—A. Males, boys and females.

Q. In the case of the first factory, 39 men, 3 boys and no females, the average weekly wages were \$10.35. They worked $37\frac{1}{2}$ hours and the average hourly rate was $28\frac{7}{10}$ cents?—A. Yes.

Q. And the wages paid to the lowest man in the plant—12 were paid \$10.78?—A. That is 12 per cent.

Q. 12 per cent got \$10.78?—A. Yes.

Q. And that was 22 cents an hour. The wages paid to all the boys were \$2.21 for the week of 37 hours or .9 cents per hour?

By Mr. Factor:

Q. How old were these boys?—A. They would mostly be 18 or 19. They have to do almost a man's work, but not having his experience.

Q. What operation would they do?—A. Chiefly helping on the saws. Where there are two men on an automatic saw, the boy would be feeding in and the man would be taking off.

Q. 17 and 18 are pretty grown-up boys?—A. Well, it is quite heavy work. They have to move pretty fast to keep piling these pieces of wood.

Q. They get \$2.21 a week?—A. Yes, very low wages.

By Mr. Sommerville:

Q. For instance, take the wages paid to the men in the plant, the lowest wages paid. These are the average weekly earnings over the whole year, are they not?—A. They are taken to represent 1933 wages, and they are measured by taking at least a six-months period. But they are taken so that no strike or anything like that which happened in Stratford in the fall of 1933 would interfere with the number of hours shown. So that that number of hours represents the normal business in 1933, and had nothing to do with the strike.

MR. SOMMERVILLE: Those hours indicate the relative time that the factory was working. Take, for instance, this average of \$9.12 paid to a man for 31 hours. That was his average weekly earnings during that year, on that basis. The average weekly earnings in another factory were \$7.21, and that is for 11 per cent of the employees. Another one was \$5.72 for 11 per cent of the employees, the average weekly earnings for 31 hours. The next one \$5.73 for 37 hours, or 17 cents an hour; \$4.92 a week, average, for 18 hours; \$4.63 average for 23 hours; \$5.87 average for 32 hours per week; \$5.35, average for 34 hours per week; and there are some other items here, small ones.

MR. FACTOR: One of \$3.64, $19\frac{1}{2}$ hours.

MR. SOMMERVILLE: Yes, \$3.44 for $19\frac{1}{2}$ hours for the week, for 11 per cent of the employees.

THE WITNESS: May I correct you there in a small point? The number of hours shown here represent the average hours for all the men. In picking out the lowest 10 per cent, they might not have worked just exactly that number of hours, and you can get the hours by dividing the total pay by the hourly rate. So that it would not be exactly the number of hours that you gave there. If you assumed that, you would find that my calculation was wrong.

By Mr. Sommerville:

Q. But the hourly rate indicates it?—A. The hourly rate, together with the weekly pay, will indicate the number of hours.

MR. FACTOR: Taking Factory 106, 17 men and 2 boys, there were wages paid to all men of \$3.64 a week, $19\frac{1}{2}$ hours.

MR. SOMMERVILLE: In the first column?

MR. FACTOR: Yes.

By Mr. Factor:

Q. That would indicate the actual condition in that factory?—A. Yes, that is the condition, the first column.

Mr. SOMMERVILLE: That is, the average for all the men in that factory was 18 cents an hour.

Mr. HEAPS: That is about the lowest, is it not?

Mr. SOMMERVILLE: Yes. The last item is 130 men in this factory, working 60 hours, and the average was 24 cents. That is 60 hours, \$14 a week. To $8\frac{1}{2}$ per cent of the men, \$8 per week was paid or 14 cents an hour, in that factory. In the factory before that, 13 cents an hour, another 15 cents an hour, another $14\frac{1}{10}$ cents an hour.

By Mr. Young:

Q. How did these wages compare with the wages before the depression set in, when the company was making profits?—A. Those wages are 25 per cent lower than in 1930, based on a substantial cross-section of the industry.

Q. 25 per cent?—A. Yes, 25 per cent less; that is, the hourly rate.

Mr. HEAPS: We had some evidence given by the mayor of Stratford in regard to the conditions in the factories, and men working for nothing at certain times.

Mr. SOMMERVILLE: Perhaps we might ask Mr. Fessenden.

By Mr. Sommerville:

Q. We had evidence from Mr. Kerr of Stratford, and you were asked to check up those figures. You did so?—A. Yes. I found Mr. Kerr's figures very accurate. Perhaps wrong inferences were drawn from them in that a great many of his figures were not taken from Stratford records. Some people seemed to assume that they were all Stratford factories that he was talking about. Most of them, as a matter of fact, were not Stratford factories.

Q. They were factories from all over the district?—A. Yes, in the smaller towns where the wages would naturally be lower.

Q. Hampton, Dresden, Hamburg and a great many cities and towns?—A. Yes; his figures were very accurate.

By Mr. Heaps:

Q. There was one point he raised that we might have a little information on; that was his statement that a man would work perhaps two weeks on a piece-work basis and then he would have to work perhaps an extra week to make up the amount he has been paid?—A. Yes, Mr. Heaps, I spent considerable time trying to trace that down, and I could not get anybody to really illustrate that case. But I would imagine what happened was that they would start a job and they would say, now we are going to give you so much to do that job, and say it came to \$40 for putting through 100 sets for a man on one operation; then they would say now you are going to take three weeks to do that, but we are not going to keep you waiting until the three weeks is up before you get any pay. They would pay him an hourly rate, some hourly rate, and when they had paid him two weeks on that basis and came to subtract that from what had been promised to him for the whole job it would be a minus quantity. That would mean that they had overpaid him in the first two weeks—that is, they had overpaid him in the sense that they had paid him more than he had been promised for the job—I am not going to say that he was paid too much or that he didn't get enough or anything of that kind.

By Mr. Sommerville:

Q. The situation throughout the industry is indicated by the declining sales and reduced prices obtained by the manufacturers, and that has been reflected in the cutting down of expenses everywhere?—A. Yes, everybody has suffered in the industry.

Q. And the wages of employees have been cut as well?—A. Yes.

Mr. FACTOR: What would have happened to the manufacturers of furniture if the departmental stores had not made purchases.

Mr. YOUNG: Apparently they did not sell any except to the department stores.

Mr. SOMMERVILLE: These are just examples taken from the advertising we had, they are all cases of particular items.

By Mr. Young:

Q. You did not investigate as to whether or not they sold furniture outside of department stores?—A. My instructions did not go beyond investigating examples of purchases by the big stores.

Mr. FACTOR: Mr. Fessenden is quite an expert and I wanted to get his opinion as to what would have happened to these manufacturers if they had not had the outlet of the departmental stores.

Mr. SENN: People would have bought from other sources.

The WITNESS: You mean, in individual cases, Mr. Factor, what would have happened if they had not made a particular sale which appears to be a very great sacrifice to them.

Mr. FACTOR: Yes.

The WITNESS: They would I think in many cases have been put out of business by the bank, on account of not reducing their loans; and the bank have kept the industry, as you will see from these current ratios down pretty tight. While it seemed hard at the time and may have been a very hard thing in some cases, I do not know; but on the whole the banks have kept the furniture industry in a good position as regards current assets and current liabilities.

By Mr. Sommerville:

Q. That is, they have forced the sale of inventories to keep the situation down?—A. Yes, sir, which may have seemed hard at the time, but as prices were dropping it apparently turned out to be a very good thing for the manufacturer.

Q. Of course, if the department stores were not there to buy there would have been somebody else there to buy it?—A. We hope so, sir.

By Mr. Young:

Q. I suppose, however it was, he would have to buy on a price at which he could resell, he would have to consider the purchasing power of the public?

Mr. EDWARDS: A lot of it would not have been made if they had not anticipated a market of that source.

The WITNESS: I am quite sure if they had not known there was a place they could sell it if worse came to worst the manufacturers would not have run up the inventories, but because they did run them up they kept men working when it was not good business.

The CHAIRMAN: Now gentlemen we have had enough for to-day and we will adjourn. I will ask the members to meet me in executive session on Monday morning at eleven.

Mr. FACTOR: Could you make that in the afternoon, Mr. Chairman; Mr. Ilsley would not be back until afternoon.

The CHAIRMAN: If it will meet the convenience of some of the members of the committee to meet in the afternoon, we will do so. We will meet in my office upstairs at four o'clock Monday afternoon.

Mr. KENNEDY (*Peace River*): When will we have the next meeting of the committee?

The CHAIRMAN: We will go into that, and certain other matters; but I am not in a position to do so to-day.

I will ask Mr. Nash to complete his picture with respect to these companies in the clothing and boot and shoe industry, so that we will have that information complete.

The Committee adjourned at 6.05 p.m., to meet again at the call of the chair.

APPENDIX A

REPORT OF ENQUIRY INTO THE FISHING INDUSTRY

CONDUCTED ON BEHALF OF THE PRICE SPREADS AND MASS BUYING COMMITTEE

L. W. Fraser, Investigator

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1. COURSE OF ENQUIRY

The course and scope of the Enquiry conducted into the fishing industry have been in conformity with the instructions received from the Committee and have included investigation of the situation surrounding the production of fish, prices paid to fishermen and the earnings of these primary producers, the aid by way of relief which fishermen may have received, the price spread between the fishermen and the consumer, and relative matters. The Investigator has kept uppermost in mind the instructions of the Committee that the subject of price spreads is to be considered of major importance.

It was found by the Investigator that many of the dealers approached, and practically all of the fishermen, desired to place before the Committee their views with regard to the general problems confronting the industry and the enquiry has therefore to a considerable extent, necessarily involved a general survey of all phases of the fishing industry in Nova Scotia and New Brunswick. Attached to this report are the complete notes taken by the Investigator in connection with each of the interviews held and set out in these notes will be found the expressions of opinion above referred to.

Pursuant to instructions received from the Committee, the Lake Fisheries and those phases of the industry that arise from the Pacific Coast Fisheries were not included in the scope of the present Enquiry.

It will also be noted that the Investigator has not yet had an opportunity to visit points in the Province of Prince Edward Island, and a subsequent report will be submitted in that regard.

2. CITIES, TOWNS AND VILLAGES VISITED

The Investigator has, upon advice, deemed it necessary to personally visit a large number of communities in Nova Scotia and New Brunswick in order to secure accurate first-hand information from those directly engaged in the fishing industry.

Cities, towns and fishing villages visited by the Investigator in Nova Scotia included:

Halifax	Queensport	Sydney
Digby	Half Island Cove	Glace Bay
Yarmouth	Canso	North Sydney
Shelburne	Arichat	Louisburg
Lockeport	Petit de Grat	Mulgrave
Liverpool	Grand River	Amherst
Lunenburg	L'Archevêque	
Hubbards	St. Peter's	

Communities visited in the Province of New Brunswick included:—

Saint John,	Wilson's Beach,	Lords Cove,
Beaver Harbour,	Grand Harbour,	Moncton,
Black's Harbour,	North Head,	Loggieville,
St. Andrews,	Seal Cove,	Chatham.
Welshpool,		

During the course of the enquiry the Investigator visited the Cities of Montreal and Toronto and interviews were also held with fish dealers in Ottawa.

3. COMPANIES AND DEALERS INTERVIEWED.

Through many conferences with officials of various companies, and with individuals who are engaged in the industry in the capacity of buyers and dealers your Investigator has been able to secure for the Committee much useful and pertinent information having a direct bearing upon the general subject matters of this enquiry.

For the most part the Investigator found an apparent desire on the part of these officials to facilitate the enquiry and to provide the Committee with the information desired.

The Companies and dealers interviewed by the Investigator in the Province of Nova Scotia included the following:—

National Fish Company, Ltd., Halifax.
 Robin Jones and Whitman Ltd., Halifax.
 Neville Sons Limited, Halifax.
 O'Leary and Lee Company Ltd., Halifax.
 South Shore Packers Ltd., Halifax.
 W. & C. H. Mitchell Co. Ltd., Halifax.
 A. M. Smith & Co. Ltd., Halifax.
 Maritime Fish Corp., Digby.
 A. E. Nickerson Co. Ltd., Yarmouth.
 L. W. Sweeney Co. Ltd., Yarmouth.
 J. R. Poole & Co. Ltd., Yarmouth.
 Parker Aitkens Co. Ltd., Yarmouth.
 Shelburne Fisheries Ltd., Shelburne.
 Lockeport Co. Ltd., Lockeport.
 Swim Brothers Limited, Lockeport.
 Nickerson Bros. Ltd., Liverpool.
 Lunenburg Sea Products, Lunenburg.
 Zwicker & Co. Ltd., Lunenburg.
 Adams and Knickle Ltd., Lunenburg.
 Matthews and Scott, Queensport.
 Nova Scotia Sea Foods Ltd., Canso.
 R. E. Jamieson, Canso.
 R. & A. Martell, Petit de Grat, N.S.
 Leonard's Ltd., Sydney & North Sydney.
 Captain Dunphy, North Sydney.
 Fletcher Townsend, Louisburg.
 A. R. Grant, Louisburg, Louisburg.
 J. E. Lewis, Louisburg.

Companies and dealers interviewed in New Brunswick included the following:—

L. H. Outhouse, Beaver Harbour.
 Neil McLean, St. John.
 Connors Bros. Ltd., Black's Harbour.
 Algonquin Sea Foods Ltd., St. Andrews.
 John Doone, St. Andrews.
 Colin Small, North Head.
 McLaughlin Co. & Sons, Seal Cove.
 Albert Cooke, Seal Cove.
 Coleman Ingersoll, Seal Cove.
 McCormack & Zatzman, St. John.
 A. & R. Loggie Co. Ltd., Loggieville
 W. S. Loggie Co. Ltd., Chatham.
 B. J. Williston, Loggieville.

4. WHOLESALE COMPANIES INTERVIEWED.

The wholesale fish distributing companies in Montreal, Toronto and Ottawa are important factors in the marketing of fish, and it was considered necessary to secure full information as to the operation of these companies.

Conferences were held by the Investigator with officials of the following wholesale companies:—

F. T. James Co. Ltd., Toronto.
White's Fish Co. Ltd., Toronto.
Booth's Fisheries (Can.) Ltd., Toronto.
Canada Packers Ltd., Toronto.
Henry Gatehouse & Sons Inc., Montreal.
O'Connors Fish Co. Ltd., Montreal.
Leonard Fish Co. Ltd., Montreal.
D. Hatton Co. Ltd., Montreal.
Main Fish Co. Ltd., Montreal.
LaPointe Fish Co., Ottawa.

5. RETAIL COMPANIES INTERVIEWED.

Conferences were held by your Investigator with a large number of retail companies and dealers and complete information was secured as to price fluctuations and general conditions surrounding the retailing of the principal varieties of fish in Halifax, St. John, Montreal, Toronto and Ottawa. Some information has also been secured as to retail outlets in smaller centres.

Officials of the following retail firms have been interviewed:—

Portland Fish Co. Ltd., Montreal.
T. Eaton Co. Ltd., Montreal.
H. Marshall Limited, Montreal.
Dominion Stores Ltd., Montreal.
Stop and Shop Ltd., Montreal.
Atlantic and Pacific Tea Co. Ltd., Montreal.
Standard Fish Co. Ltd., Montreal.
Attwater St. Fish Co., Montreal.
A. Straker Limited, Montreal.
Thrift Stores Limited, Montreal.
Maine Kosher Fish Market Ltd., Montreal.
Ober Mans Fish Company, Montreal.
Atlantic & Pacific Tea Co., Toronto.
Stop and Shop Limited, Toronto.
Simpsons Limited, Toronto.
Mrs. M. Chambers, Toronto.
Eatons Limited, Toronto.
Boutiliers Limited, Halifax.
Leonards Limited, Sydney.
Davids Fish Co., Sydney.
LeMoin Bros. Ltd., North Sydney.
Smith's Market, North Sydney.
Aiteen's Limited, Amherst.
Kingsmill Limited, Saint John.
Atlantic Fish Stores Ltd., Saint John
Lapointe Fish Co. Ltd., Ottawa.

6. FISHERMEN INTERVIEWED

It has been considered important that the Committee should have first-hand information from representative individual fishermen operating at various points in the Provinces of Nova Scotia and of New Brunswick. To this end a large number of fishermen were approached at the points mentioned in Paragraph 2.

Delegations representative of the fishermen of the local communities conferred with your Investigator at Canso, l'Archiveque, St. Peters, North Sydney and Arichat, and public meetings of fishermen were held at Glace Bay, (Nova Scotia) and Wilson's Beach, Grand Harbour and Lords Cove (New Brunswick).

The fishermen and their representatives were most anxious to co-operate with the Committee. Your Investigator was to some extent handicapped by the circumstances that very few of the fishermen keep any books of reference or accounting and could therefore speak only in a general way on the subject of costs of production and income.

7. GENERAL CONFERENCES

In addition to the interviews outlined in the previous paragraphs your Investigator deemed it advisable and helpful to hold conferences with men indirectly associated with the fishing industry and over twenty such interviews were held. Conferences were also held with public men, including members of the Provincial Legislatures and the House of Commons.

8. COMPLETE QUESTIONNAIRES SUBMITTED

Since a great deal of the information required by the Committee involved the preparation of statements of record covering the period of the last five years, it was deemed necessary to submit complete questionnaires to a number of companies and individuals. The full text of this questionnaire, after being drafted by the Investigator, was submitted for approval to Counsel for the Committee. Information requested through the questionnaire included complete analysis of company, production and operating costs, copies of operating and trading accounts, profit and loss statements, and balance sheets, the earnings of fishermen and also statements indicating the spread in price arising in connection with the handling of fish, and relative matters. In each case one or more conferences were held by the Investigator with the officials of the Company either at the time or prior to the submission of the questionnaire.

Complete questionnaires were submitted to the following Companies:—

- National Fish Company Limited.
- Lunenburg Sea Products Limited.
- Boutiliers Limited.
- The Lockeport Company Limited.
- Robin Jones and Whitman Limited.
- Connors Bros. Limited.
- A. & R. Loggie, Company Limited.
- W. S. Loggie Company Limited.
- F. T. James Company Limited.
- White's Fish Company Limited.
- Booth's Fisheries (Canadian) Ltd.
- Atlantic and Pacific Stores.
- D. McIntyre Company Limited.
- Henry Gatehouse & Sons Inc.
- O'Connors Fish Company Limited.
- Leonards Fish Company Limited.
- D. Hatton Company Limited.
- Main Fish Company Limited.
- Standard Fish Company Limited.
- Portland Fish Company Limited.
- H. Marshall Limited.

9. LIMITED QUESTIONNAIRES SUBMITTED

In the case of some companies or dealers it was considered unnecessary to require the completion of extensive questionnaires, and in these instances limited, or varied, statements were asked for:—

Companies and dealers to which limited questionnaires were submitted included the following:—

The Shelburne Company Limited.
Zwicker and Company Limited.
Swim Bros. Limited.
Adams and Knickle Limited.
A. & M. Smith Company Limited.
Nickerson Bros. Limited.
J. R. Poole Company Limited.
Maritime Packers Limited.
Leonard Limited.
O'Leary and Lee Limited.
South Shore Packers Limited.
Algonquin Sea Foods Limited.
McCormack and Zatzman Limited.
W. & C. H. Mitchell Co. Limited.
Canada Packers Limited.
Mrs. M. Chambers.
Sid Perkins.
Stop and Shop Limited.
Dominion Stores Limited.

The full scope of the questionnaires referred to above is indicated by the returns from each company attached to this report.

10. STATEMENT OF INFORMATION AVAILABLE

Your investigator begs leave to report that in his opinion most of the information and statements required by the committee for the purpose of a hearing, relative to the fishing industry, are now available. In some instances, however, due in part to the research and compilation work involved, certain statements have not as yet been completed by the Companies to which questionnaires were submitted. It appears that an earnest effort is being made by the officials of these companies to meet the wishes of the committee, and the statements referred to are being prepared as expeditiously as the circumstances involved permit. Your investigator is of the opinion that it will be at least one month before completed statistics are available covering all the points of inquiry contained in the investigator's instructions.

11. GENERAL POSITION OF INDUSTRY

The information secured will place before the committee the serious conditions that exist in the fishing industry—conditions that are adverse to the welfare of the fishermen and to the advancement and development of the industry as a whole.

This industry was the subject of investigation by a Royal Commission in 1927, and the information contained in the report of that commission is available for the committee. A report on the Marketing of Canadian Fish was prepared in 1932 by Cockfield Brown & Company Limited, and submitted to the Minister of Fisheries.

It is, unfortunately, true, that general conditions in the industry have not improved since 1927, with the result that the present situation and certainly the position of the individual fisherman, is less favourable than was the case at the time of the investigation by the Royal Commission.

The circumstances which have given rise to this further decline have, to a large extent, been world-wide, and have affected all industries, but it must not be overlooked that the effect has been most serious in connection with the fisheries due to the fact that difficult problems retarded the development of that industry even in years when other industries were enjoying periods of rapid expansion.

The total annual marketed value of all fish landed in the Eastern Division of the Department of Fisheries comprising the provinces of Nova Scotia, New Brunswick and Prince Edward Island, and the Magdalen Islands of Quebec, for the past eight years was as follows:—

1933..	\$10,266,474
1932..	10,914,306
1931..	13,680,034
1930..	17,026,070
1929..	19,334,431
1928..	18,524,697
1927..	17,280,216
1926..	19,823,557

Your investigator has received much information as to alleged unfair methods of competition existing within the fishing industry, and this will be referred to in some detail in a subsequent paragraph. While much effort has been made in recent years to place the industry upon a sounder basis, your investigator believes that the committee will be impressed with the present lack of reasonable co-ordination within the fishing industry, as a result of which a form of competition has been made possible that has, in many instances, not only prevented fishermen from making a livelihood, but has, in some cases, made it impossible for the companies to receive a reasonable return from the money invested.

Officials of Companies and other operators interviewed freely recognized what they termed "lack of co-ordination" within the industry and expressed the view that the elimination of this grave difficulty is necessary before conditions can be materially improved. At the same time many of these officials expressed an inability to suggest what steps might be taken to meet a situation that is uneconomic and has been the cause of unnecessary hardship.

Your Investigator respectfully suggests that the Committee should, at an early date, receive evidence as to the causes and effect of any unfair methods of competition or other unsound trade practices, existing in the fishing industry, and give consideration to what steps may logically be taken through some form of a marketing board, or otherwise, to eliminate or curtail, an unfortunate situation that now admittedly exists.

12. GENERAL POSITION OF FISHERMEN

The individual fishermen must always be recognized as the primary producer in this industry. Limitations imposed by the nature of the industry have placed this producer in an unusual position by reason of the fact that he has little or no "bargaining power." The fisherman must do one of two things with his catch—he must either sell it fresh to a distributing company or dealer, or he must salt or otherwise process it. If fish is sold fresh it is highly perishable, and must be disposed of at once, and, since there is usually only one company or dealer accessible in any locality, the fisherman must accept whatever price he is offered by that dealer. If the fish is salted the producer must dispose of it to one of several dealers at a price usually agreed upon by these dealers. The fisherman, is therefore, to a very large extent deprived of all "bargaining power," and is forced to sell his fish for whatever price he is offered.

While your Investigator has found many instances where Companies and dealers have treated the individual fisherman with fairness, it is, nevertheless, true, that in many other cases the fishermen have been forced to accept a price substantially below what they should have received, or what the purchaser of the fish could reasonably have paid.

Existing conditions within the fishing industry have given rise to a situation in Eastern Nova Scotia where at many points fishermen have found it impossible to dispose of their catch at any price, and evidence will be submitted to the Committee that in numerous instances fish has been sold by the fishermen at a price that did not cover the cost of gasoline and bait.

A survey by the Committee of the income of fishermen at different points in Nova Scotia and New Brunswick will disclose that in most localities the primary producer has not been earning sufficient to provide adequately for food and clothing for himself and his family. In only a few communities has the revenue of the average fisherman been sufficient to allow any provision for the renewal of fishing gear and boats, etc.

Information to be submitted to the Committee will disclose that the net income of the average shore fisherman in 1933, being what was left to him after deducting cost of gasoline and bait was as follows:—

At—

Shelburne.. . . .	\$300
Lockeport.. . . .	300
Liverpool.. . . .	275
Lunenburg.. . . .	300
Canso.. . . .	160
Queenport.. . . .	200
Arichat.. . . .	100
Petit de Grat.. . . .	100
St. Peters.. . . .	100
L'Archeveque.. . . .	100
North Sydney.. . . .	100
Glace Bay.. . . .	75
Louisburg.. . . .	175
St. John.. . . . (short season)	75
Wilson's Beach.. . . .	200
Grand Manan.. . . .	300
Lords Cove.. . . .	150
Loggieville.. . . .	350

It is again recalled that out of the above income fishermen must provide for himself and family and maintain his fishing gear—obviously a task impossible of accomplishment. To secure this inadequate return the fisherman had to work long hours during the fishing seasons, in many cases 18 to 20 hours per day, and expose himself to the perils associated with his hazardous calling.

It will be submitted that the lack of reasonably sufficient financial return for their catch has led to a position whereby many fishermen are unable to operate due to lack of boats and fishing gear.

Your Investigator respectfully suggests that the Committee should receive evidence as to the conditions under which the primary producer is forced to sell his fish, and to consider what steps may logically be taken to ensure that the fishermen will in future receive a reasonable price for his product.

Your Investigator also respectfully suggests that the Committee should consider what steps might be taken to enable deserving fishermen now without gear, to secure the necessary equipment so that they may become re-engaged in the industry.

For the purpose of this Report your Investigator considers it logical to refer now to the several distinct branches of the industry before reporting upon the position of the producing, wholesaling and retailing Companies whose operations involve the handling of all varieties of fish.

13. FRESH FISH INDUSTRY

Included under the category of fresh fish is all fish sold in the fresh state and such processed fish as frozen fillets, smoked fillets, etc.

Your Investigator has been advised that most of the companies dealing in both fresh and salt fish prefer to market their product in the fresh state and handle in that form as large a percentage of the company's turnover as the conditions of the market and price will permit. In most instances, however, the Company or dealer is forced to dispose of a large proportion of the fish handled in the form of salt or pickled fish—a variety which will be dealt with separately in the following paragraph.

While the fresh fish industry directly affects a very large number of fishermen, the Committee will be advised that since freezing and other processing equipment is necessary, present operations in this phase of the industry are confined largely to definite centres.

Prices paid fishermen for ground fish have declined in recent years and although current rates are approximately $\frac{1}{4}$ cent per pound higher than at this time last year, this increase falls far short of restoring the price level to what might be deemed a reasonable scale.

In 1929 the average rate per pound paid fishermen in Western Nova Scotia for ground fish was 2.43 cents but in 1933 this had declined to 1.45 cent. Prices paid fishermen in Eastern Nova Scotia for cod and haddock during 1933 varied from $\frac{1}{2}$ cent per pound to 1 cent per pound. In the month of May, 1934, fishermen were receiving, in Western Nova Scotia, $1\frac{1}{2}$ cent per pound for haddock and $1\frac{1}{4}$ cent per pound for cod. The average prevailing price in Eastern Nova Scotia in May, 1934, was 1 cent per pound.

A statement indicating the details of the spread between the price secured by the fishermen in Western Nova Scotia for cod and haddock, and the prices paid by the consumer in Montreal and Toronto in May, 1934, will be submitted to the Committee in a subsequent Report.

These transactions will be based upon the averaged information secured from distributing, wholesale and retail companies. At the time of the writing of this Report wholesale and retail companies have not all completed the questionnaires containing the detailed information required for this statement.

Information available for the Committee will indicate that there is considerable fluctuation within short periods in the wholesale price of the different varieties of fresh fish sold in Montreal and Toronto markets, and it will be submitted to the Committee that there still exists the unsound position referred to on page 33 of the Royal Commission's Report of 1927 as follows:—

Almost without exception the wholesalers in the markets of Quebec and Ontario expressed to us their preference for a stabilized price at the cost of from 5 to 7 cents per pound, instead of the lower and widely fluctuating price prevalent at times during the past few years. A fall in the wholesale price is not apparently shared in by the consumer and the tendency is for the retailer to maintain the higher level of prices to provide for possible losses. It is also said that fluctuating retail prices are regarded with some suspicion by consumers. There is, therefore, the anomalous situation of the retailer and wholesaler both preferring a steady and higher level for prices, yielding a greater return to both fishermen and shippers, while the shippers frequently lower the price in unprofitable competition with each other without any advantage to the consumer.

A statement will be submitted to the Committee setting out fluctuations in prices quoted to the wholesale buyers in Montreal and Toronto covering the period since 1929. It seems apparent that these fluctuations are not reflected in the price paid the fishermen.

From the information secured it will appear that the relative quotations to the wholesale trade for fresh fish in 1933 as compared with 1932 did not in many instances justify the reduced prices paid fishermen in 1933.

Your investigator respectfully suggested that the Committee should hear evidence as to the conditions surrounding the distribution and marketing of fresh fish in Montreal and Toronto, with a view to ascertaining what effect unfair methods of competition may have upon the markets, and what steps may be taken to eliminate the unsound position created by price fluctuations.

Your investigator also respectfully suggests that the Committee hear evidence as to price spreads in wholesale and retail fish markets at Halifax, Saint John, Montreal and Toronto, with a view to confirming the opinion expressed that the fishermen can be paid from $\frac{1}{2}$ c to 1c per pound more for their fish without any condition arising that would adversely affect the retail markets for fish in Canada.

14. SALT AND PICKLED FISH INDUSTRY

It will be submitted to the Committee that this branch of the fishing industry must be relied upon to provide a livelihood for a large proportion of the scattered fishing population of the Atlantic Coast. This phase of the industry from a production point of view divides itself into two parts—the Bank fisheries, carried out largely from Lunenburg with schooners carrying about twenty men each, and the Shore fisheries, carried on by individual fishermen along the coast of the Maritime Provinces and Quebec.

The extent to which the Lunenburg Bank fishing has declined in recent years is indicated by the fact that in 1929 sixty-two vessels were engaged in this phase of the industry, and in 1933 only twenty-six vessels were engaged in Bank fishing.

During the same period the average price paid per quintal of fish had dropped from \$8 in 1929, to \$3.20 in 1933.

It will be submitted to the Committee that the operations of the largest Company purchasing the produce of the Shore fisheries in Quebec and New Brunswick indicate that the average price paid the fishermen per pound had dropped from 1.45 cents in 1920 to .7 cent in 1933.

The operations of the Company handling the largest volume of salt and pickled fish have been investigated and an analysis of the costs and profits of this company is available for the Committee. Information has also been secured from several smaller operators.

This phase of the fishing industry was the subject of analysis commencing at page 38 of the Report of the 1927 Royal Commission.

It is significant, however, that in recent years competition in foreign markets for this class of fish has become increasingly severe, and it will be submitted to the Committee that methods of operation in Canada have not adequately met the keener competition in foreign markets.

In connection with the Salt and Pickled industry your investigator has secured information as to what may be termed the urgent need for more adequate grading and inspection of the product. It will be submitted to the Committee that present methods of inspection, while helpful, are not adequate, and do not attain the standard of systems in effect in other countries, with whose product the grade of Canadian fish under discussion must compete.

Your investigator respectfully suggests that a system of inspection, if properly applied, and coupled with a study of export market requirements, will lead to a considerable expansion of the salt fishing industry and to the consequent improvement in the return to the fishermen for their labour in this important phase of the industry.

Your investigator respectfully suggests that the Committee should receive evidence as to the present position of the salt and pickled fish trade, with a

view to ascertaining what steps may be taken to improve conditions within the industry. It will be suggested to the Committee that a Commission should be sent to countries in which foreign markets for this variety of fish exist, so that the requirements of these markets may be studied.

15. MACKEREL FISHERIES.

The mackerel fisheries are of importance to a large section of the fishing population of Cape Breton Island, Halifax County and to a somewhat less extent to other points in the Maritime Provinces.

This fish is caught for the most part only in the early summer and it was represented to your investigator that markets available for this catch have been curtailed in recent years, and that the price per barrel secured by the fishermen has fallen to a point actually below the cost of production.

It was submitted to your Investigator that the cost of producing a 200 pound barrel of salt mackerel, delivered at Halifax, is approximately \$4.25. During the year 1933 fishermen received an average price of \$3.40 per barrel, thereby incurring a loss of 85 cents upon every 200 pounds packed. It will be submitted to the Committee that the only reason fishermen engaged in production of this fish at all, was because their operations enabled them to secure further credit from companies and dealers.

It was found that in some sections fishermen would purchase barrels and salt upon credit from one company and secretly sell barrels of fish to other companies, from which they would receive cash payments. While this system of operation provided some individual fishermen with a few dollars in cash, it will be submitted that such a policy of operation is so unsound in its nature as to lead to the complete annihilation of this phase of the industry if it continues.

It will be submitted to the Committee by the fishermen engaged in this phase of the industry that the companies purchasing salt mackerel engage in a combine, and that the price paid the producer is arbitrarily determined by this combine without proper regard to prevailing prices in export markets. Officials of companies purchasing mackerel will advise the Committee that no such combine exists, but that unfair methods of competition and price cutting engaged in by certain firms have forced other companies to steadily reduce the price paid to the primary producer.

Evidence will also be submitted that while governmental inspection of the container and contents, recently established, has been helpful, there does not appear to be any adequate system of grading of the products nor a recognition on the part of the purchasing companies that the producer of high-grade fish should receive a better price for his mackerel than the individual who packs a low-grade product.

Your investigator respectfully suggests that the Committee should receive evidence as to the circumstances surrounding the packing of salt mackerel and the operations of leading companies shipping this product to the export trade, with a view to ascertaining what, if any, unfair trade conditions exist, and what financial return fishermen require to provide them with reasonable remuneration for their labours in this phase of the fishing industry.

16. HERRING FISHERIES:

Your investigator deems it expedient to refer under a separate heading to the herring fisheries, since this phase of the industry offers separate problems, and may to a large extent be regarded as being distinct. While the handling of the catch of herring in Nova Scotia is of considerable importance, by far the major operation in this branch of the industry centres around the Bay of Fundy waters off New Brunswick. In this territory herring is caught in very large

quantities in weirs, and the product smoked or sold in the fresh state to producing companies operating at Black's Harbour, New Brunswick, or at points along the coast of the United States.

The portion of the product sold to Black's Harbour and to American factories is used for the most part in the packing of sardines. In this branch of the fishing industry, fishermen have the alternative, as a result of long existing treaty rights, to sell their herring on the basis of hogshead measurement to the Canadian company, or to dispose of it to American firms, in which case the fisherman's remuneration is based upon the number of the cases packed. Evidence submitted to your investigator indicates that the average fisherman prefers to sell to the Canadian company at a stated price per hogshead, rather than take the chance of a larger, but less certain, return from American operators. The present price being paid by the Canadian company per hogshead is \$8. This is an increase of \$3 per hogshead over the prevailing price in 1933, and your investigator was advised by many fishermen that the present price is a satisfactory one, provided the herring catch reaches normal proportions.

Complete information has been secured for the Committee relative to the operations of the Canadian Company purchasing herring at Black's Harbour, New Brunswick. An analysis of costs of production and selling prices; operating accounts and profit and loss statements have been secured covering all branches of the business carried on by this Company.

Your Investigator was asked to submit to the Committee the need for an enquiry into the condition of sale of herring to American buyers, but I would respectfully suggest that these are conditions over which the Committee would have little, if any, jurisdiction or control. During the greater part of the year the fishermen are not forced to sell their product to American buyers, and if they do so the condition of the sale is a matter of their own selection, and will not be a logical point of enquiry by this Committee.

On the Island of Grand Manan a large production of herring is smoked either by central dealers or by the fishermen themselves. Fishermen of this section enjoy a distinct advantage as this territory is the principal world producer of medium sized herring. This grade is in great demand in export markets and conditions of competition are less severe in export markets than is the case in connection with other varieties of fish.

It will be submitted to the Committee that the producers at Grand Manan are now receiving 48 cents per box of 18 pounds of medium smoked herring. The price received in 1933 fell as low as 24 cents a box. The cost of production of this quantity of herring can be set at 30 cents per box, and upon this basis the fishermen are now securing a small profit for their operations. The herring fishermen will, however, state that a price of 60 cents a box should be received in order to enable the producer to make a reasonable living, and to maintain his weirs.

It will be submitted to the Committee that last year the average fisherman at Grand Manan produced approximately 2,500 boxes of smoked herring, which at the present price level would net a profit of 18 cents per box, or \$450 for his total catch. Out of this profit, however, should be taken the fishermen's expenses in maintaining weirs; since an average weir costs in the vicinity of \$2,500 the present return to weir fishermen is not sufficient to provide him with a livelihood, and at the same time allow him to maintain his fishing equipment.

While the price secured by fishermen for smoked herring largely depends on the return from foreign markets, it will be submitted to the Committee that this return is to a considerable extent limited by unfair methods of competition arising in Canada and your Investigator respectfully suggests that this is a subject which might advantageously be enquired into by the Committee.

A phase of the smoked herring industry which is becoming of increasing importance is that of the production of boneless smoked herring. All of this product is sold in the Canadian market, and none is exported. It will be submitted to the Committee that the development of this phase of the industry is desirable in that it creates employment for a large number of women workers who are engaged in boning and skinning the fish. Information to be submitted to the Committee will indicate that it costs $5\frac{1}{2}$ cents a pound to produce boneless herring. Fishermen at Grand Manan are now receiving 6.7 cents a pound for this product, but this return is being lowered as a result of shipments upon a consignment basis.

About 100 women are now employed in boning herring at Grand Manan and on an average they receive 10 cents for each box of 18 pounds handled. It appears that on an average a woman is unable to bone more than 5 boxes a day, and it will be submitted to the Committee that the consequent income of 50 cents per day is unreasonable and inadequate.

It will be submitted to the Committee that if there could be created a per capita yearly consumption in Canada of 4 ounces of boneless smoked herring, a market would be provided for the yearly pack of herring at Grand Manan, and the Committee will be asked to consider what steps, through a Marketing Board or otherwise, may logically be taken to at least partly attain this objective.

17. SALMON FISHERIES

The Salmon Fisheries of New Brunswick and Nova Scotia are of great importance. Complete questionnaires were submitted to two companies conducting extensive operations in this branch of the fishing industry.

Your Investigator begs leave to report that the statements contained in these questionnaires have not yet been completed, and it will therefore be necessary to submit a subsequent report in this regard.

18. LOBSTER FISHERIES

It has been submitted to your Investigator that the situation surrounding the lobster fisheries on the Atlantic Coast, with certain exceptions, is reasonably satisfactory. The average prices being secured by fishermen for lobsters are between 6 and 8 cents per pound, and this is an improvement over prices prevailing in 1933. If the volume of the catch is a normal one this price may be regarded as a reasonably satisfactory monetary return to the operators. This improved price is, however, to a considerable extent offset by the large increase in the number of those engaged in fishing lobsters, and the consequent limitations of the per capita catch.

Present conditions in other phases of the fishing industry have caused an increase in the number of lobster fishermen, and in some centres there is evidence of a depletion of the quantity of lobsters available adjacent to formerly productive fishing grounds.

It will be submitted to your Committee by companies engaged in the lobster business that the establishment of subsidies for collection boats along the eastern Nova Scotia coast has injured the industry.

On the other hand lobster fishermen who have had the advantage of the service of these collection boats express the view that that policy has made possible a reasonable return to them from their operations.

Information available for the Committee as to the cost of producing canned lobster will indicate that the companies engaged in this phase of the industry are not making large profits. In many instances losses are being incurred. Costs of producing a case of 48 pounds of canned lobster in half pound tins is set by producers at \$22.58, the present selling price for this product is \$23.20 and the spread is 62 cents per case.

Producing companies have a somewhat larger profit on cases packed in quarter pound tins, the cost of these per case being \$23.96 the selling price \$27.20 and the spread \$3.24 per case. It has been represented to your Investigator that the transportation rates upon live lobsters and lobster products to points in Ontario and Quebec are too high, and that as a result, a large potential market is being greatly curtailed. It is urged that transportation rates upon lobsters should be the same as those upon fresh fish.

The following statement indicates the difference in existing express rates on live lobsters and fresh fish. (The percentage increase in weight for ice is not reflected in this table).

	From	To Montreal	To Toronto
Fresh fish.....	Halifax.....	1.45	1.70
	St. John.....	1.25	1.50
	Yarmouth.....	1.70	1.95
Live lobsters.....	Halifax.....	4.60	6.40
	St. John.....	3.50	5.40
	Yarmouth.....	4.05	5.95

Your investigator respectfully suggests that the Committee should receive evidence as to the existing transportation rates upon lobsters with a view to ascertaining whether present rates are excessive.

19. SMELT FISHERIES

Large quantities of smelts are handled by distributing companies in New Brunswick and to a less extent in Nova Scotia.

Questionnaires submitted to these companies have not yet been completed and a subsequent report will be submitted to the Committee in regard to this branch of the industry.

20. TRANSPORTATION OF FISH.

There is available for the Committee full information as to the transportation costs both by express and by freight on various grades of fish from points on the Atlantic Coast to the central markets of Ontario and Quebec.

For the most part it will be submitted to the Committee that existing freight rates on fish are reasonable and that the handling of fish in transit is satisfactory.

Many wholesale and retail dealers interviewed expressed the view that fish delivered at Montreal and Toronto by freight arrives upon the market in a more satisfactory condition than fish shipped by express. It is stated that the explanation for this lies in the fact that fish transported by freight in carload lots is not subject to any handling or disturbance in transit, whereas shipments by express, if in less than carload lots, are subjected to changes in temperature which to a large extent offset the obvious advantage of more rapid transit. There seems to be a unanimity of opinion that fish shipped by freight in the summer months arrives at the market in much better condition than fish by express.

It will be submitted to the Committee by officials of some of the companies engaged in the industry that express rates upon fish should be lowered, and that an effort be made to consolidate these express shipments at a central point with a view to eliminating the handling and disturbance of the fish en route. As mentioned in the previous paragraph, it will be submitted to the Committee that the present express rate upon lobsters is excessive, and that it should be lowered to the same scale as that applicable to fresh fish.

21. POSITION OF DISTRIBUTING COMPANIES

By "distributing companies" is meant the buyers and dealers who purchase fish in various forms from the primary producer and who in turn sell to the wholesale and retail dealers in Canadian and export markets.

Financial statements for a large number of distributing companies will be submitted to the Committee and there is now available for consideration a complete analysis of the operations, costs of production, processing costs and profits of five of the principal companies.

Officials of the companies investigated will submit to the Committee that few of these companies have made a profit in recent years, and that the decreasing prices paid the fishermen are in conformity with a decrease in the price secured by the company for the varieties of fish handled.

It has appeared to the investigator that some of the distributing companies and dealers have endeavoured to assist the fishermen and have dealt with the situation in as broad a light as might be expected. In other instances it appears that certain companies have taken advantage of the fact that the primary producer was forced to dispose of his catch at whatever price was offered, and that the price paid was unfair, having regard to the ability of the company to pay a higher scale.

Examination of the statements secured will indicate to the Committee that there is little uniformity in the operation of these companies and that there exists a wide variation as to processing and operating costs per pound as well as a marked degree of variation in the fixed charges set out in the accounts of the companies handling approximately the same tonnage of fish.

The following indicates the profit or loss statement of five leading distributing companies for the years 1929-1933. Losses are in italics:—

—	1933	1932	1931	1930	1929
Company 1.....	120,896	92,087	126,029	51,506	15,493
2.....	17,569	13,254	25,293	20,609	7,706
3.....	3,024	1,447	3,143	5,293	401
4.....	77,052	89,750	44,011	85,051	105,525
5.....	17,540	74	23,920	61,876	64,517

A considerable number of firms purchasing fish in Nova Scotia and New Brunswick operate general merchandising stores, and the business carried on by these buyers must be considered in a somewhat different light than the operations of the larger companies. For the most part these small dealers purchase fish with a view to creating a buying power to be exercised by the fishermen in their stores, and in no case has your investigator found that these small buyers have made an excessive profit out of the fish handled. It will appear to the Committee that in most instances these operators have handled fish purchased at cost or even at a loss.

Your investigator respectfully suggests that the Committee should receive evidence as to the capital set up, cost of operation, marketing policy and allied matters covering each of the more important distributing companies, with a view to ascertaining to what extent the company may have been able to pay a higher price to the primary producer and whether the costs and profits, if any, set out in the financial statements are fair and reasonable. It is the view of your investigator that the questionnaires now available for the Committee should be amplified by the verbal evidence of the officials of the companies investigated.

Price spreads involved in the operations of distributing companies are referred to on page 38 of the Report.

22. POSITION OF WHOLESALE COMPANIES

Financial statements and completed questionnaires of the wholesale fish companies operating in Montreal and Toronto will indicate to the Committee that in most instances only small profits have been made by these companies in recent years, and that in several cases deficits have been incurred that have made substantial inroads upon reserves built up prior to 1930.

The following indicates the profit and loss statement of three wholesale companies in Montreal for the fiscal years ending in 1934 and 1933.

	1934	1933
Company 1.. (7 mos.)	2,888	2,979
Company 2.. . . . .	.....	.....
Company 3..	3,829	249

The following indicates the profit and loss statement of three wholesale companies in Toronto for the fiscal years ending 1934 and 1933. Losses in italics.

	1934	1933
Company 1..	6,888	9,384
Company 2..	5,802	5,743
Company 3..	4,693	3,615

It will be submitted to the Committee by the wholesale companies that conditions of the trade and relatively high delivery cost per pound make it necessary for the wholesale companies to allow an average spread of two cents a pound upon all fish handled.

Consignment shipments and sales made direct by the producing company to the retailer are given as a cause for losses incurred upon fish handled by wholesalers, and this in turn leads to a higher mark up per pound on fish sold under normal trade conditions.

Representatives of wholesale companies interviewed in Montreal and Toronto, almost without exception expressed to your investigator the opinion that the manner in which distributing companies are selling direct to retailers and jobbers in the same territory in which the wholesale companies operate is creating a position which leads to the restriction of the volume of fish marketed. There is no doubt that the agents of several of the larger distributing companies make it a practice to sell large quantities of fish to the wholesalers, and, having exhausted that market, offer their products direct to the retail trade at only a slightly advanced price over that charged to wholesalers. This means that by the time the fish reaches the wholesalers a part of the retail market has already been supplied direct and surplus quantities are forced upon the market and sold at whatever price can be secured.

Information secured from wholesale companies indicates that both wholesale and retail markets are adversely affected by frequent price fluctuations, and it will be submitted to the Committee that a more uniform price for fish would be to the advantage of both the wholesaler and the retailer, and would be more acceptable to the consumer.

Your investigator respectfully suggests that the Committee should receive evidence disclosing the details of operation of at least one wholesale company in Montreal and one in Toronto, so that there may be placed before the Committee full information as to price spreads and the market and trade conditions under which various varieties of fish are handled by these companies.

Price spreads involved in the operations of wholesale fish companies are referred to on page 40 of this Report.

23. POSITION OF RETAIL COMPANIES AND DEALERS

A large amount of information is available for the Committee as to the operations of companies and individuals engaged in the retailing of fish in Halifax, St. John, Montreal, Toronto, and Ottawa. This information will disclose the price paid by the retailer for fish and the prices charged the consumer.

Statements of retail prices and fluctuations therein have been secured from representative dealers covering a period of years.

It will be represented to the Committee by retail dealers of fish that their business is largely confined to two days a week, but that their overhead costs of operating stores continues on throughout the whole week. It will also be submitted by the retailers that the perishable nature of the product handled and the uncertainty of the volume of sales give rise to a large percentage of waste which must be provided for in fixing the spread between the wholesale and retail prices.

The extent to which retail dealers are responsible for the spread in the price of fish will be referred to in some detail in Division (c) of the next sub-heading. Your investigator has been advised that a spread of 50 per cent in the retail price over the wholesale price is necessary to provide for cost of overhead and handling, delivery costs and waste. If this may be taken as a fair estimate it will appear to the Committee from statements available that many retailers enjoy a spread in price substantially greater than 50 per cent, and that in one instance the spread between the wholesale and retail prices has been maintained at as high as 100 per cent over cost. Costs of delivery are an important factor in the operations of retail stores conducting a delivery service and information available will indicate that the average cost of delivery is one cent per pound.

It was found by your investigator that many of the retail operators approached do not keep accurate books of accounting, and for this reason it has been difficult to secure information as to what profits or losses may have been made by these operators over a period of years. In other instances, especially in connection with chain stores, operations in the handling of fish are for purposes of accounting combined with the sale of meat products, and any analysis of overhead charges must be upon a basis of approximation.

Retail dealers will submit that despite the apparent large percentage of gross profit upon the handling of fish, that they have made only reasonable net profits and that in some instances losses have been sustained.

The following indicates the profit and loss statements of several retail companies for the fiscal year 1933. Losses are in italics.

Company 1 (in Halifax)	\$ 242
Company 2 (in St. John)	64
Company 3 (in Montreal) .. . . .	....
Company 4 (in Montreal)	1,173
Company 5 (in Toronto)	3,950
Company 6 (in Toronto)	2,640

It will be submitted to the Committee that inherent in the present system of retailing fish is to be found a great deal of uncertainty as to quality and price, either of which factors is in itself sufficient to seriously curtail the volume of consumption.

Your investigator respectfully suggests that the Committee should hear evidence as to the system and practice surrounding the retail marketing of fish with a view to ascertaining to what extent the retail prices charged are unfair or excessive.

24. PRICE SPREADS.

Your investigator begs leave to report upon this subject under three headings:—

- (a) Distributing Companies;
- (b) Wholesale Companies;
- (c) Retail Companies.

(a) The spread between the price paid the fisherman by distributing companies and other buyers, and the price at which these buyers sell the fish has been carefully investigated.

Five of the larger companies have been required to complete questionnaires setting out in detail buying and selling prices per pound during each of the past five years. In the case of three companies this information was requested through two forms of questionnaire; the first embodying information as to the costs and price spreads upon all fish handled, whether sold as fresh fish or otherwise, and the second, setting out similar information as to all sales of fresh fish. All of the companies have submitted answers in the form of the first questionnaire. The second form involves a considerable amount of compilation, and research work, and these statements will not be available for some time. However, information is now available for the Committee setting out the average price spreads in each of the last twelve months on round and filleted haddock sold by distributing companies to the Montreal and Toronto markets.

It will be submitted to the Committee that the average gross profit per pound on all fish handled in 1933 by two companies in Western Nova Scotia whose operations are comparable, was 1.4 cents. After operating costs of 1.1 cents per pound and fixed charges of .22 cents had been provided for there remained to the distributing companies a net profit or spread per pound of .08 cents.

An analysis of information secured from the three largest distributing companies operating in Nova Scotia shows that the net profit or loss in cents per pound on all fish handled by these companies during the past five years was as follows (Losses are in *Italics*):

	Company 1	Company 2	Company 3
1929.....	.03	.133	.04
1930.....	.13	.221	.17
1931.....	.28	.279	.01
1932.....	.31	.124	.12
1933.....	.42	.147	.01

While the full details of the spread on fresh fish handled are not yet available, the information already submitted will indicate that the spread or profit per pound on fish sold as fresh fish is much higher than is the average spread on all fish handled. The following indicates the average profit per pound during the past twelve months on haddock sold to wholesalers in Montreal and Toronto.

	Haddock fillets Montreal	Haddock fillets Toronto	Haddock round Montreal	Haddock round Toronto
Company 1.....	.64	.19	.82	.40
Company 2.....	.24	.17	.52	.55
Company 3.....	.51	.39	.87	1.2

It will be submitted to the Committee that great variation has been found in the operating costs per pound among the companies investigated and that there is also much disparity in the amount of fixed charges appearing upon the books of accounting of each company.

It is respectfully submitted that the Committee should receive in evidence the complete details in relation to the price spread in the handling of fish from the time it is sold by the fisherman to the distributing company until it is disposed of by that company to the wholesaler or jobber in Canadian and export markets with a view to ascertaining whether the spread is fair in relation to the price paid the primary producer.

(b) The spread between the prices paid by the leading wholesale fish companies in Montreal and Toronto for fish and the selling price to retailers has been investigated. Questionnaires completed by these wholesale companies will inform the Committee as to the details of the operations of these companies.

The average markup over cost on fish sold last year by wholesale companies in Montreal was 26 per cent. Out of the gross profit thereby accruing the companies had to provide for delivery costs of approximately .6 cent per pound and the costs of handling and administration.

The average markup over cost on fish sold last year by wholesale companies in Toronto was 27 per cent.

Wholesalers delivery costs were approximately the same in Toronto as in Montreal.

It will be submitted to the Committee by the companies carrying on a wholesale fish business that the companies incurred severe losses through the frequent breaking of the market by consignment shipments and that the spread per pound on fish sold under normal conditions of trade must necessarily be higher to provide for losses incurred during periods of abnormal market conditions.

Your investigator respectfully suggests that the committee should receive evidence as to the operations of wholesale dealers in fish with a view to ascertaining whether or not the spread in prices arising from the operations of these companies is reasonable only under the unsatisfactory trade practices as heretofore set out.

(c) Information has been secured for the committee regarding retail prices of fish and price spreads resulting therefrom in Halifax, Saint John, Montreal and Toronto and Ottawa.

Statements secured from retail dealers indicate buying and selling prices and price fluctuations over a period of years.

Your investigator found very little uniformity in the retail price charged at various centres.

In Halifax the operations of the principal retailer of fish were investigated and it will be submitted that the average markup per pound over wholesale on all fish handled in this retail store was 100 per cent. This markup has been uniform during the past three years. In 1930 it was 78 per cent and in the year 1929 the markup was 81 per cent.

In Saint John the average markup per pound over wholesale price was 68 per cent.

It was found by your investigator that in Montreal a considerable variation exists in the retail prices for fish. In part this arises from the different conditions of cost and overhead under which retail fish merchants carry on their business. The operations of twelve retail companies were investigated, including three chain store organizations, and it will be submitted to the committee that the lowest markup over wholesale cost based upon the handling of ten leading varieties of fish was 27 per cent the highest markup investigated was 100 per cent. The average markup for retail stores (excepting one as noted) investigated in Montreal was 54.6 per cent.

In averaging the percentage markup in Montreal there has not been taken into consideration the figures presented by one retail store, the operations of which must to a large extent be considered separately. The markup in this particular store was 100 per cent, and in the opinion of your investigator should not be reflected in the general average for all retail stores.

As previously mentioned in the report, retail dealers in fish represented to your investigator that a high percentage markup over the wholesale price was necessary in order to enable them to provide for waste, shrinkage and the additional expense incurred by the limitation of the number of days in which fish is sold in any considerable volume.

The lowest percentage markup over wholesale cost found in Toronto was 48 per cent, and the highest 60 per cent. The average markup for all retail outlets investigated was 55.5 per cent.

In Ottawa the average markup per pound over wholesale was 54 per cent.

Your investigator respectfully suggests that the committee should receive evidence as to the operations of retail fish dealers in the cities mentioned especially having regard to the spread between the wholesale cost to the retail dealer and the price charged the consumer. It is further suggested that the committee should hear evidence from at least one retail dealer operating in Montreal, and one dealer operating in Toronto, with a view to ascertaining to what extent the spread in retail prices may be unfair or excessive.

25. UNFAIR COMPETITION AND CONSIGNMENT SHIPMENTS

It has been represented to your investigator that uncontrolled price cutting is prevalent in connection with the marketing of fish and that the shipping of fish upon a consignment basis must be considered as having a similar effect to that of price cutting.

The seriousness of the effect of this apparently well-established practice is more apparent when it is borne in mind that a low quotation upon even a small quantity of fish can be responsible for a break in the market involving large shipments.

Information available for the Committee will indicate that price cutting and unfair competition is prevalent in all branches of the fishing industry. This condition arises in part from the present lack of co-ordination within the industry already referred to and from the almost total disregard that some dealers seem to have for the interests of the fishermen and the welfare of the industry as a whole.

It will be submitted to the Committee that consignment shipments of fish repeatedly have been the cause of ruining markets that under normal conditions of trade would have provided a reasonable financial return to the various groups directly engaged in the industry.

It appears to your investigator that the serious market conditions created by unfair competition and consignment shipments are directly reflected upon the shoulders of the individual fisherman and the anomalous position is thereby created of the primary producer being forced to bear the ill-effects of a position he has had no part in creating.

Your investigator respectfully suggests that the Committee should receive evidence as to the effects of unfair competition and consignment shipments upon the retail market for fish with a view to ascertaining what steps may logically be taken through a Marketing Board or otherwise, to eliminate or at least control these existing practices.

26. CONDITION OF SALE AND SUBSTITUTION OF QUALITY AND VARIETY

The practices of price cutting and consignment shipments just referred to have a direct consequence in the lowering of the quality of fish marketed and in the substitution of varieties.

It is at once obvious that high quality of the fish available is a most essential premise of any program to extend the Canadian per capita consumption of fish. It will be submitted to the Committee that the quality of much of the fish at present being handled in the retail markets of Ontario and Quebec is not sufficiently high or uniform to lead to any considerable extension in the volume of fish sold.

It will also appear to be true that frequent price cutting leads inevitably to the substitution of not only quality, but finally of variety. Your Investigator is satisfied that a large proportion of fillets sold in certain stores as haddock

fillets are actually cod fillets, upon which the dealers make an additional two cents per pound when they are sold as haddock fillets. In some instances it has appeared that hake fillets are sold as haddock fillets, and the dealer thereby acquires an additional profit of approximately four cents per pound.

The handling of fish in retail stores in Montreal and Toronto is not uniformly satisfactory. With the exception of certain stores that are adequately equipped to sell fish, conditions in many of the retail outlets are so inferior as to cause a limitation upon the public demand for fish. It is also true that the large majority of those who peddle fish from door to door in trucks or wagons sell fish of an inferior quality and under conditions of handling that would be improper for products of a less perishable nature.

These conditions of inferior quality and unsatisfactory handling on the part of certain dealers work a hardship upon those fish merchants who handle high-grade products under proper conditions.

The annual consumption of fish in Canada has been computed at 20·7 pounds per capita. It seems reasonable to state that under proper trade and market conditions this per capita consumption can be largely increased. Any extension of the Canadian market for fish must depend directly in the first instance upon quality, and quality, in turn, is largely dependent upon satisfactory handling conditions. In view of this, your Investigator respectfully suggests that the Committee should receive evidence as to present conditions of sale in relation to quality with a view to ascertaining what steps may logically be taken, through a system of licensing or otherwise, to exercise some control and supervision over conditions under which fish is sold.

27. CHAIN STORES

A great deal of exception is taken both by wholesale companies and by other retail dealers to the handling and sale of fish in chain stores.

It was represented to your investigator that several of the chains sold fish at less than cost in order to attract customers to the stores. The prices at which chains buy and sell fish have been carefully investigated, and it will be submitted to the Committee that retail prices in these stores are placed upon a basis whereby the sale of fish brings a profit to the operators.

The mark up over cost of fish retailed in chain stores in Montreal was found to be as follows:—

Chain 1—	55	per cent.
“ 2—	56	“ “
“ 3—	37	“ “

The average mark up for all chain stores investigated in Montreal was 49·3 per cent. The average mark up for all retail stores in Montreal, as previously stated, was 54·6 per cent.

The mark up over cost of fish retailed in chain stores in Toronto was found to be as follows:—

Chain 1—	60	per cent.
Chain 2—	48	per cent.

The average mark-up for all chain stores investigated was 54 per cent. The average mark-up for all retail stores investigated in Toronto as previously stated, was 55·5 per cent.

While the average percentage mark-up in chain stores does not vary greatly from the average mark-up in other stores, it will be noted that chain stores are able to sell fish at a substantially lower retail price due to the lower wholesale price that has usually been paid.

The condition under which fish is sold in chain stores was also investigated. In many instances the fish displayed was not iced and little effort seemed to be

made on the part of the store staff to sell fish. In part this is probably due to the fact that the salesmen were mostly butchers who had little knowledge of, or interest in, fish products.

Practically all the chain stores buy fish from local wholesalers and it was represented to your investigator that the chain stores have exercised their buying power to force the wholesalers to sell their fish at a lower price than is charged other retailers by the same wholesalers. Several of the wholesale companies interviewed stated that they sold fish to chain stores on an average of one cent per pound less than the price charged other retailers. It was stated that the large quantities purchased by the chains was offset by the fact that the wholesalers had to deliver separate orders to each store and that therefore the costs of handling chain store business were as high as those involved in sales to other retail stores.

Your investigator suggests that the Committee should receive information as to the operations of chain stores in relation to the buying and selling of fish, and that consideration should be given to the effect these operations have upon the general retail market for fish.

28. MARKETING BOARD.

During the course of the enquiry your investigator has been able to secure for the Committee a widespread expression of opinion as to whether or not it would be sound and helpful to bring the fishing industry under the general provisions of some form of a marketing board. This expression of opinion is contained in the notes of interviews attached to this report.

It will be submitted to the Committee by practically all representative fishermen and by a large number of companies and dealers that the present conditions in the fishing industry require the immediate application of some form of marketing board through which an effort may be made to eliminate the unsound trade practices referred to above and to establish within the industry a reasonable basis of co-ordination and control.

Most of the larger companies and some of the smaller dealers will submit that there are so many constantly changing conditions within the fishing industry that it would not be practical to place any measure of control in a marketing board, and that to do so would merely be to make a difficult situation more difficult.

Your investigator respectfully suggests that the Committee should review the expressions of opinion above referred to, and should consider these views when determining whether in the opinion of the Committee supervision of the industry by some form of a marketing board might provide the means of eliminating unsound trade practices that exist, with a consequent improvement in the position of the individual fishermen and the advancement of the industry as a whole.

29. CONCLUSION

In this report no effort has been made to set out in any degree of detail the information available for submission to the Committee, as it has been considered impractical to do so. Files containing statistics relative to the operations of companies investigated will be submitted to the Committee.

Your investigator respectfully submits that the conditions disclosed as now existing in the fishing industry merit the further consideration of the Committee. Especially is this so in regard to the prices paid primary producers and trade practices in the wholesale and retail markets.

Your investigator suggests that the Committee, after hearing evidence, should consider the advisability of taking such steps as may logically lead to the establishment of a scale of higher prices to be paid the fishermen. It is of

fundamental importance that the position of the primary producer should be improved and it may be that the Committee will consider means through which there may be established a minimum price to be paid fishermen.

Your investigator also respectfully suggests that the Committee should give consideration to what direction, through some form of a marketing board, or otherwise, may be necessary to establish a more satisfactory degree of co-ordination within all phases of the fishing industry.

Due to the wide diversification of the industry any comprehensive hearing before the Committee would involve the calling of a large number of witnesses. Many of those who should give evidence live at points relatively remote from Ottawa, and a considerable expense would be involved in any hearing that might be held here. For this reason, and having in mind the expressed desire of so many representative fishermen who wish to appear before the Committee, your investigator respectfully suggests that the Committee should give favourable consideration to the holding of a number of hearings by the Committee at a point or points in the provinces of Nova Scotia, New Brunswick, Prince Edward Island, and Quebec.

Respectfully submitted,

L. W. FRASER,
Investigator.

OTTAWA, ONT., June 22, 1934.

APPENDIX B

SUMMARY OF EVIDENCE ON SHOE MANUFACTURERS

KEY

"A"—La Diva Shoe Company Limited, Richmond, P.Q.

"B"—A. E. Marois Limited, Quebec, P.Q.

"C"—Joseph Tanguay Limitée, Beauceville, P.Q.

"D"—La Regina Shoe Co. Limited, Ste. Marie de Beauce, P.Q.

"E"—J. A. & M. Cote Limitée, St. Hyacinthe, P.Q.

"F"—Grand'Mere Shoe Company Limited, Grand'Mere, P.Q.

"G"—Dependable Slipper Manufacturing Company, Montreal, P.Q.

"H"—The Valley Shoe Company Limited, Valley Junction, P.Q.

"A"—La Diva Shoe Company Limited

Started business in June, 1932, and operations to date resulted in small profits.

In first nine months' operations, 23·29 per cent of sales were to departmental stores and in succeeding year 13·94 per cent.

From June, 1932, to the end of 1933 all female employees were paid 10c. per hour. A piecework system, introduced in 1934, resulted in hourly wages of 7½c. to 15½c. for female employees. In April, 1934, only 2 out of 54 female pieceworkers received the legal minimum wage.

100 per cent of females employed are paid as apprentices—legal limit 50 per cent—and 83 per cent were paid less than minimum wage.

Forty-four or 63·8 per cent of male employees received 10c. per hour or less.

Fifteen families are working in their homes, officials stating that average earnings per family are approximately \$1.50 per day, equivalent to at least ten hours of adult labour.

This company has been fined for violation of the Minimum Wage Act.

"B"—A. E. Marois Limited

This company has been established many years and employs approximately 500 persons.

Forty-three per cent of sales in 1933 were to departmental stores or jobbers, over 25 per cent being to the T. Eaton Company Limited.

Employees are paid on a piecework basis at rates permitting females to earn more than the minimum wage.

Operations appear efficient and damaged work is charged back to responsible employees.

No infraction of the Minimum Wage Act was noted.

"C"—Joseph Tanguay Limitée

Fifty per cent of the company's sales during past four years were made to department stores, the largest single customer being the T. Eaton Company Limited.

Labour paid on a time basis and wages to men and boys are particularly low, 41 out of a total of 89 employees receiving less than the minimum wage for female apprentices.

Twenty-nine men and boys received an average hourly wage of 5·2c. per hour, or \$2.85 for a 55-hour week.

"D"—La Regina Shoe Company Limited

Incorporated in 1926 and had substantial profits in past five years.

Since 1930, over 90 per cent of sales were to department stores. In 1933 sales to the Eaton Company were \$350,000 and to the Robt. Simpson Company \$250,000. Company has little selling expense and no bad debts.

Average hourly rates of female workers increased from 1933 to 1934, but in May, 1934, 20 per cent of experienced and 83 per cent of apprentices were paid less than the minimum.

Wages of male employees declined, the average weekly wage of 217 males being in 1934 \$6.95 per week.

Eighty male employees received \$5 or less per week and about half the male employees received 12½c. per hour or less. (Minimum rate for female apprentices 12½c. per hour.)

"E"—J. A. & M. Cote Limitée

In business for some years and earned small profits up to 1933, when a reorganization took place.

Majority of business with small retailers, departmental stores taking 3·4 per cent and jobbers 12·8 per cent in 1933.

Wages well above the minimum wage law and labour turnover small.

"F"—Grand'Mere Shoe Company Limited

Started business in 1927 and has made moderate profits.

Forty per cent of its sales in 1933 were to department stores, chain stores and jobbers.

Largest customer was Army and Navy Stores—\$76,769—to whom special sales were made at reduced prices.

A number of boys, from 15 to 20 years of age, earn from \$2 to \$3 per week.

About 37 per cent of all female workers received less than the minimum wage and 66 per cent of all females were classified as apprentices.

Of 141 male employees in March, 1934, 43 earned less than 10c. per hour.

"G"—Dependable Slipper Manufacturing Company

Owned by Henry Gottlieb, who started business eight years ago, making cheap shoes, slippers and sandals in Montreal.

Sales in 1933 approximated \$391,000, of which 51·06 per cent were to department and chain stores; largest customer was the T. Eaton Company Limited—\$84,000.

Inadequate wage records and time clock capacity of 100 against 350 employed.

Eighty per cent of females paid as apprentices and 38 per cent of all females paid less than the minimum wage in October, 1933.

One hundred and seventy-nine men employed at average weekly wage of \$9.39 and 41 received less than \$6, equivalent to 10·9c. per hour.

Labour turnover very high, over half the employees having less than six months' service.

This company has been fined for violation of the Minimum Wage Act.

Mr. Hurson spoke as to driving of workers and as to the number of dependents and their living conditions.

"H"—The Valley Shoe Company Limited

Started business in June, 1932, and in last ten months sold 23 per cent of total output to department stores.

Comparison of wages in May, 1933 and 1934, shows increase in rates of females and decrease in wages of males. The proportion of male employees has risen considerably.

Eighty-three per cent of the females were classified as apprentices, and of these 42·5 per cent received less than the minimum wage.

Boys, from 15 to 18 years of age, increased from 7 in 1933 to 26 in 1934, and were paid from 2½c. to 5c. per hour.

The average weekly wage of all male employees was in 1933 (48 employed) \$6.02, and in 1934 (71 employed) \$4.71.

APPENDIX C

SUMMARY OF EVIDENCE ON CONTRACT SHOPS AND MEN'S CLOTHING MANUFACTURERS

KEY

Contractors

- P. 1. M. Rudner, Joliette, P.Q.
 2. C. M. T. Victoriaville, P.Q.
 3. B. Blumenthal, Montreal (home work).
 4. Alice Mongeau, Varennes, P.Q. (home work).
 5. J. B. Oliver & Son, Montreal.
 6. Schubert & Kravitz, Montreal.
- R. 1. S. & F. Clothing Company, St. Therese, P.Q.
 2. Rudner Limited, Montreal.
- S. E. Paquin, St. Therese, P.Q.
- T. G. Cyr, St. Therese, P.Q.
- U. M. Lerner Reg'd, Sorel, P.Q.

Manufacturers

- Company A. Hyde Park Clothes Limited, Montreal.
 B. Samuelsohn Limited, Montreal.
 C. S. Rubin Limited, Montreal.
 D. Rubin Bros. (Clothiers) Limited, Victoriaville, P.Q.
 E. Tip Top Tailors Limited, Toronto.
 F. The Robert Simpson Co. Ltd., Toronto.
 G. The T. Eaton Co. Limited, Toronto.
 H. J. Elkin & Co. Limited, Montreal.
 J. M. Feldstein Son & Co., Montreal.
 K. D. Fels & Sons, Montreal.
 L. S. Rohrlick & Sons Limited, Montreal.
 M. Royal Brand Clothing Co., Montreal.
 N. Sterling Clothing Company, Montreal.
 P. Cooper Clothing Company, Montreal.
 R. S. Cohen & Co., Montreal.
 V. Peerless Clothing Company, Montreal.

Home work

An examination of the books of the Cooper Clothing Company and S. Rohrlick & Sons Limited showed the cheapest line of garments being let out on contract to B. Blumenthal. Blumenthal contracts over a wide area delivering materials cut ready for making to farmhouses and in some cases using sub-contractors. Upon visiting a number of farms in the vicinity of St. Amable, St. Julie, Vercheres, St. Bruneau, Blumenthal's work was found being performed in farmhouses, other contractors being P. L'Amoureux, M. Molo, P. Hebert and S. Bussein. The following cases were observed in the country districts visited:—

1. Four women, with husbands helping at night, making men's pants for L'Amoureux at 60c. per dozen, out of which they paid for thread at a cost of 5 cents per dozen, making net earnings of 55 cents per dozen. The daily output of these workers was from 2½ to 3 dozen per day.

2. Woman with daughter making boys' short pants for L'Amoureux at 30 cents per dozen, less 5 cents per dozen for thread. Output one dozen per day. These garments made under union scale would cost at least \$1.50 per dozen in labour.

3. Woman making riding breeches at \$1.15 per dozen. Output five garments per day. Men's four-pocket pants at 65 cents per dozen, making one dozen per day.

4. Woman making short pants for Blumenthal at 35 cents per dozen. Output one dozen per day.

5. Sub-contractor for Blumenthal receiving 80 cents to \$1.05 per dozen for men's pants. His wife and daughter were working at these garments and they stated that the work was let out to adjacent farmhouses at from 40 cents to 60 cents per dozen.

Certain districts specialize on certain garments. St. Bruneau is the centre of vest manufacturing district, pants and riding breeches are made in St. Amable and St. Julie de Vercheres; coats are made in houses in Longueuil and other country districts. Foot pedal sewing machines appear to be used exclusively, no power equipment of any kind being observed.

There appear to be a number of contractors operating near Montreal and the volume of work performed by country home work is considerable. One contractor stated that he handled 150 dozen per week. In no case was a clothing manufacturer observed making the type of garment let out on home work contract in his own shop in Montreal, and manufacturers stated that virtually all garments of this class were made in the country. These clothes are sold largely by mail order houses and bargain basements, and some volume is disposed of to country merchants.

Workers in country districts complained of decreases in rates paid during the past three years, and stated that they had been reduced since 1929 by over 60 per cent.

Garments contracted by M. Molo were followed to Traders' Manufacturing Company Limited, Montreal, and the rates paid to Molo confirmed from that company's books. Approximately one-half of the pants sold by this company to date, 1934, were to Simpson's Mail Order and Eaton's.

No. P. 4. Alice Mongeau is also a contractor for home work operating from Varennes dealing with S. Rohrlick & Sons Limited.

CONTRACT SHOPS IN THE COUNTRY

P.1.—M. Rudner, Joliette, P.Q.

Making coats for Cooper Clothing Company at 60 cents to \$1.35 per garment. No investigation of wages made.

P.2.—C.M.T., Victoriaville, P.Q.

Making youths' coats for Cooper Clothing Company at \$1.55 each and also the principal contractor in the country in 1932 and prior years for S. Rubin Limited. Wage investigation by Mr. Hurson indicated compliance with Minimum Wage Act.

R.1.—S. & F. Clothing Company, St. Therese, P.Q.

Owned by S. Cohen & Company and makes all sack coats for that company. Wages paid by S. & F. Clothing Company to 17 out of 42 female time workers were below the minimum wage scale. Only 2 out of 42 workers paid as experienced; 33 out of 51 male employees receive \$7 or less per week (55 hours).

S.—E. Paquin, St. Therese, P.Q.

Manufactures pants for Cooper Clothing Company who own the machines used. Eighty per cent of the female workers are paid as apprentices and all receive less than the minimum wage; 7 boys from 14 to 18 years are paid an average hourly wage of 7.7 cents.

T.—G. Cyr, St. Therese, P.Q.

This contractor makes pants for Cooper Clothing Company which owns all machines used. This is a small shop and all the female employees (11) are paid less than the minimum wage, over 70 per cent of the females receiving less than 10 cents per hour.

U.—M. Lerner Reg'd, Sorel, P.Q.

This contractor operates a large shop making coats, vests and pants for Peerless Clothing Company. Up to recently the coats were manufactured at Longueuil where the Montreal scales of minimum wages are in force. Sorel is on the lowest minimum scale and 71 out of 105 female employees were paid the minimum wage of \$6 per week (55 hours). The Minimum Wage Board suspended the operation of the 50 per cent limitation upon apprentices.

The factory buildings are leased by the city of Sorel at \$10 per year for a ten-year period, the lease being renewable for an additional ten years. The total exemption of taxes is granted conditional upon the payment of \$25,000 per annum in salaries and observance of the factory and minimum wage laws and employing only Sorel residents.

Peerless Clothing Company has financed Lerner to the extent of some \$7,000.

MANUFACTURERS

A.—Hyde Park Clothes Limited, Montreal

Started business in 1922 and is owned by Charles Hershorn. During past five years profits have been substantial.

Two hundred and eighty thousand dollars or 43 per cent of total sales in 1933 were to department stores; the T. Eaton Company purchased \$188,000. Company sold department stores at 10 per cent to 20 per cent below smaller purchasers. Proportion of total cost of manufacturing represented by labour reduced from 29½ per cent in 1929 to 23¼ per cent in 1933.

Non-union shop operated and employees paid on piecework basis. Female employees bonused to bring them up to minimum wage. Male employees paid less than experienced female employees. Fifty per cent of the male operators receive average wage of \$9.18 per week or 16 cents per hour compared with the lowest scale for female apprentices under the Minimum Wage Act of 18 cents per hour.

This company employs inside contractors. One of these, Guarantee Pants Contractors Limited, paid 29 per cent of female employees less than the minimum wage and average to 16 males employed was 16½ cents per hour. The second contractor, M. Forman, paid male employees high wages but 40 per cent of the female workers received less than the minimum wage.

B.—Samuelsohn Limited, Montreal

The company has been in business for ten years and in 1933 65 per cent of total sales were to department stores. Company makes high quality garments and operates union shop on piecework basis. In March, 1934, 47½ per cent of the female workers received less than the minimum wage, the men being paid approximately twice as much as the women.

C.—S. Rubin Limited, Montreal

The largest manufacturer examined and the largest supplier of the Eaton Company. Sixty-four per cent of the company's sales were to department stores, 50 per cent of the total being to the T. Eaton Co. Limited. Department stores purchase at 5 per cent to 7½ per cent lower prices than smaller dealers. Wages paid by company appear to conform to the Minimum Wage Act in 1934 but records very incomplete and no definite conclusion possible.

Vests are made by inside contractors, Engele & Goldberg. Wage scale appeared to conform to the law.

This company manufactured a number of the made-to-measure suits for The T. Eaton Co. Limited. Its selling price of \$12.80 for 4-piece suits in September, 1932, resulted in a loss of 40 cents per suit after supplying administrative and selling overhead, but on all 3-piece suits and subsequent sales of 4-piece suits a net profit was shown. A strike in September, 1933, increased labour costs from 15 per cent to 18 per cent and the increased labour cost of making 3-piece made-to-measure suits would have eliminated the net profit which appeared to have been made previously.

D.—Rubin Bros. (Clothiers) Limited, Victoriaville, P.Q.

Started business in 1929 and during past four years has about broken even.

In 1933 45 per cent of total sales were to department stores; largest customer the T. Eaton Co. Limited taking 30 per cent. This company was the largest supplier of made-to-measure suits to The T. Eaton Co. Limited. Company has heavy overhead charges but operates under a lower minimum wage schedule than applies to Montreal.

In 1933 45.6 per cent and in 1934 24.8 per cent of female workers received less than the minimum wage, with some operators falling below $\frac{2}{3}$ of the legal minimum.

E.—Tip Top Tailors Limited, Toronto

F.—The Robert Simpson Co. Ltd., Toronto

G.—The T. Eaton Co. Limited, Toronto

Comparative costs and wage statistics on these companies appear in certain of the statements. Facts as to Tip Top Tailors were obtained from Fred Page Higgins & Company, the factory operations of the Simpson and Eaton companies having been reported upon separately.

H.—J. Elkin & Company Limited, Montreal

Ninety per cent of this company's output is sold to department stores. Company operates a cutting factory in Montreal but all making is let out to contractors who rent from the company a factory building in Joliette, P.Q. Very low rates paid for garments but no investigation of contractors' wages made.

J. M. Feldstein Son & Co., Montreal

Specially manufacture and enjoy monopoly of business in camels' hair cloth garments. No investigation as to wages made.

K.—D. Fels & Sons, Montreal

This company is in bankruptcy but has done a very limited business with department stores. Costs of a specific transaction appear in statement Q.12.

L.—S. Rohrlick & Sons Limited, Montreal

This company has been established for some years. Its recent operations have been profitable and it is in good financial condition. One-third of the output sold to department stores who receive discounts from 10 per cent to 15 per cent from the regular prices.

Company operates a shop in Montreal but wages paid conform to Order No. 11 of the Minimum Wage Board applying to overalls, shirts, etc., which rates are 10 per cent to 20 per cent lower than payable under Order No. 8 covering men's and boys' clothing.

Company has recently been fined. Substantial portion of the labour is performed by contract. Coats sold to department stores were manufactured by the Reformatory School of Montreal.

Company uses home work contractors, B. Blumenthal and Alice Mongeau and City contract shops, J. B. Oliver & Son and Schubert & Kravitz. The contract prices paid by the company are substantially lower than costs obtaining in its own shop.

M.—Royal Brand Clothing Co., Montreal

No investigation made but costs obtained on specific transactions as shown in Statement Q.12.

N.—Sterling Clothing Company, Montreal

Eighty per cent of the 1933 sales were to Hudson's Bay Company and Henry Morgan & Sons Limited. The company employs a number of labour contractors who operate on its own premises but no wage investigation made.

P.—Cooper Clothing Company, Montreal

Partnership of M. Cooperberg and A. Silverstone. Seventy per cent of the sales are to department stores and operations have been profitable. The company employs 50 workers who perform the more difficult operations and approximately 20 contractors are dealt with, among whom are:—

M. Paquin, St. Therese, Quebec country contract shop.

Sam Star, Montreal, city contract shop.

M. Rudner, Joliette, country contract shop.

C.M.T., Victoriaville, country contract shop.

B. Blumenthal, home work contractor.

G. Cyr, country contract shop.

Rates paid to contractors are very low and several of the above were referred to previously.

Of the company's own employees 26 out of 31 women were paid less than the minimum rates in June, 1934. The company was recently fined for infringement of the Minimum Wage Act and was required to pay back wages to 21 employees.

R.—S. Cohen & Co., Montreal

This company manufacturing low-priced suits and overcoats; started business in 1922 and has recently made substantial profits. Sales for 1933 were \$470,000 of which \$70,000 were to The T. Eaton Co. Limited and \$15,000 to other departmental stores.

This company owns S. & F. Clothing Company Limited previously referred to which makes all its coats; the pants and vests are made under contract by Rudners Limited of Montreal at 35 cents a garment. Rudners Limited pay, however, \$50 per month to Saul Cohen & Company which is said to be rental of factory premises owned by the Cohen Company at St. Therese. These premises are not however occupied by Rudners Limited.

An examination by Mr. Hurson of the wages paid by Rudners Limited showed that in May, 1934, 80 per cent of the female employees received less than the minimum wage.

THIRD REPORT

OTTAWA, June 29th, 1934.

The Select Special Committee, to which was referred the following Resolution of the House of Commons passed on February 2nd, 1934:—

That a Select Special Committee of eleven members of the House be appointed to inquire into and investigate the causes of the large spread between the prices received for commodities by the producer thereof, and the price paid by the consumers therefor; and the system of distribution in Canada of farm and other natural products, as well as manufactured products, and, without restricting the generality of the foregoing, more particularly to inquire into and investigate:—

- (a) the effect of mass buying by department and chain store organizations upon the regular retail trade of the country, as well as upon the business of manufacturers and producers;
- (b) the labour conditions prevailing in industries supplying the requirements of such department and chain store organizations, and the extent, if any, to which existing conditions have been brought about by the purchasing practices of such organizations, and the effect thereof upon the standard of living amongst those employed in such industries and organizations;
- (c) the relation between the flour milling industry and the bakeries of the country, and the effect of such relations upon the baking industry of Canada;
- (d) the methods and system prevailing in the marketing of livestock and animal products for domestic consumption and export, and the extent to which the present system affords or restricts opportunity for fair returns to producers.

That the Committee shall have the power to send for persons, papers, and records and the further power to request the appointment of a Commission or Commissioners under the Inquiries Act, to secure evidence to be presented to the Committee by such Commission or Commissioners.

That the Committee shall report to the House from time to time its findings, together with recommendations of such measures as in the opinion of the Committee may be considered necessary to secure as far as possible fair and just practices in the distribution and marketing systems of Canada, with fair and just returns to producers, employees, and employers, not inconsistent with the rights of consumers.

begs to submit the following as a,—

THIRD REPORT

Pursuant to the Resolution of the House of Commons of February 2nd, 1934, above referred to, your Committee has been in session on sixty separate days and has heard and examined under oath various witnesses, and under the powers conferred upon it, appointed auditors and investigators to examine into matters pertinent to the said Order of Reference and coming within its purview. Due to the voluminous character of the evidence and the limited time at the

Committee's disposal it has not been possible for the Committee to complete the investigations and inquiry contemplated by the terms of the Resolution and to report thereon before prorogation.

Under the rules of Parliament the powers of your Committee cease on prorogation, and being fully seized of the necessity of completing the subject matter of the said Resolution, your Committee begs to recommend:—

That the inquiry be continued;

That the members of this Committee be appointed Commissioners under the provisions of Part 1 of the Inquiries Act, Chapter 99 of the Revised Statutes of Canada (1927), to continue and complete their investigations and inquiry;

That the Commissioners be authorized to engage the services of Counsel, Secretary, Accountants, Technical Advisers, Reporters, Clerks, Stenographers and Investigators to aid and assist the said Commissioners in the inquiry, and to print the evidence, proceedings and documents received by the Commission;

That the records, exhibits and evidence received and taken by the said Special Committee be made available to the Commission;

That the Commissioners may hold meetings at such places and at such times as they may consider expedient for the purposes of the inquiry; and

That the Commissioners report their findings to the Minister of Trade and Commerce.

A copy of the evidence and proceedings taken is submitted with this report.

H. H. STEVENS,
Chairman.

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